

The Insolvency Act 1986

**Administrator's progress report**

Name of Company <b>MANGO EVENT MANAGEMENT LIMITED</b>	Company number <b>3999639</b>
In the <b>HIGH COURT OF JUSTICE</b> (full name of court)	Court case number <b>6231 of 2011</b>

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

+/We (a) JOHN DAVID ARIEL OF BAKER TILLY RESTRUCTURING & RECOVERY LLP, 12 GLENDALES COURT, BRIGHTON ROAD CRAWLEY, RH10 6AD  
& GEOFFREY LAMBERT CARTON-KELLY OF BAKER TILLY RESTRUCTURING & RECOVERY LLP, 25 FARRINGTON STREET, LONDON, EC4A 4AB

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

(b) Insert dates

from

to

(b) 15 JULY 2011

(b) 14 JANUARY 2012

Signed

Joint / Administrator(s)

Dated

14 FEBRUARY 2012

**Contact Details:**

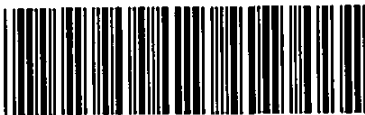
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DX 33050 Cardiff



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COMPANIES HOUSE

WEDNESDAY

**IN THE MATTER OF  
MANGO EVENT MANAGEMENT LIMITED IN ADMINISTRATION  
IN THE HIGH COURT OF JUSTICE NO 6231 OF 2011**

**JOINT ADMINISTRATORS' PROGRESS REPORT  
FOR THE PERIOD 15 JULY 2011 TO 14 JANUARY 2012  
PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986  
(AS AMENDED)**

**14 FEBRUARY 2012**

**JOHN ARIEL AND GEOFFREY CARTON-KELLY  
JOINT ADMINISTRATORS**

**APPOINTED 15 JULY 2011**

**BAKER TILLY RESTRUCTURING AND RECOVERY LLP  
12 GLENEAGLES COURT  
BRIGHTON ROAD  
CRAWLEY  
WEST SUSSEX  
RH10 6AD**

## **CONTENTS**

### **SECTIONS**

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY
2. PROGRESS OF THE ADMINISTRATION
3. ASSETS REALISED
4. ASSETS REMAINING TO BE REALISED
5. INVESTIGATIONS
6. RECEIPTS AND PAYMENTS SUMMARY
7. ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS
8. CREDITORS' RIGHT TO INFORMATION AND ABILITY TO CHALLENGE EXPENSES
9. CREDITORS' CLAIMS AND DIVIDEND PROSPECTS
10. PRESCRIBED PART
11. EXIT FROM THE ADMINISTRATION

### **APPENDICES**

- A. STATUTORY INFORMATION
- B. SUMMARY OF RECEIPTS AND PAYMENTS
- C. CHARGING, EXPENSES AND DISBURSEMENTS POLICY STATEMENT
- D. ADMINISTRATORS CURRENT CHARGE OUT AND DISBURSEMENT RATES
- E. CATEGORY 2 DISBURSEMENTS TABLE
- F. STATEMENT OF EXPENSES ANALYSIS
- G. ADMINISTRATORS TIME COST ANALYSIS
- H. PRE ADMINISTRATION TIME COST ANALYSIS

## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1** This report has been prepared in accordance with insolvency legislation to provide creditors with information relating to the progress of the Administration in the period from 15 July 2011 to 14 January 2012
- 1.2** We shall also refer in this report to certain salient matters that have arisen since the aforementioned date that are pertinent for creditors in your understanding of the report and the decisions made by the Administrators
- 1.3** We have made asset realisations totalling £230,155 with the final collection being made on 12 January 2012
- 1.4** We undertook an investigation into the Company's affairs and into the conduct of the directors. We duly identified certain transactions which resulted in additional asset realisations being achieved as included in the total referred to above. There are still matters requiring further investigation by the Liquidators in due course
- 1.5** Since our last report, the validity of our appointment and the debenture granted to Sportsworld Holdings Limited was challenged by a creditor Tickets NL. This resulted in an additional process being undertaken over a period of 2 months when Tickets.NL finally agreed on 22 December 2011 that it had no issues with the validity of the appointment and the security
- 1.6** Since our last report, Tickets NL involved the Administrators in its third party costs application against the TUI Group. This delayed the completion of the Administration because we had been obliged to comply with a Court order to provide financial documents by 6 February 2012 and to permit an inspection of financial records if required by 13 February 2012.
- 1.7** We were unable to take steps to conclude the Administration by 19 January 2012 because of the outstanding matters referred to in this report
- 1.8** The secured claim of the debenture holder was validated by our solicitors and therefore we are now in a position to pay a distribution to Sportsworld Holdings Limited.
- 1.9** Once the distribution has been made to the secured creditor, we intend to conclude the Administration and exit into liquidation
- 1.10** There will be no surplus monies available to pay a dividend to unsecured creditors apart from the prescribed part monies, where the value is currently uncertain
- 1.11** The Administration costs are considerably more than previously expected in view of the additional work we have been required to undertake which we have analysed in this report and referred to above in paragraphs 1.5 and 1.6 above and in the conduct of the Administration

- 1.12 This report has been prepared solely to comply with the statutory requirements of Rule 2.47 of The Insolvency Rules 1986 (as amended) It has not been prepared for use in respect of any other purpose, or to inform any investment decision in relation to any debt or financial interest in the Company Any estimated outcomes for creditors are illustrative and may be subject to significant change. Neither the Administrators nor Baker Tilly Restructuring and Recovery LLP accept any liability whatsoever arising as a result of any decision or action taken or refrained from as a result of information contained in this report

## **2 PROGRESS OF THE ADMINISTRATION**

### **2.1 Background and issues affecting the administration**

- 2.1.1 Mango Event Management Limited ("The Company") was incorporated on 23 May 2000 and traded from leased premises at Tuition House, St Georges Road, Wimbledon, London, SW19 4EU
- 2.1.2 The Company carried on business as a broker and supplier of tickets and hospitality for major sporting events and tournaments
- 2.1.3 The original contract with Tickets NL Tour Operating BV ("Tickets NL") was entered into on 18 January 2008 relating to the European 2008 Football Championships and related to the provision of tickets for matches involving the Dutch team The Company entered into a separate agreement with Total Management Limited for the purchase of these tickets However, Total Management Limited was unable to provide the tickets in accordance with the agreement and as a consequence the Company was unable to fulfil its obligations to Tickets NL.
- 2.1.4 The Company is a wholly owned subsidiary of Sportsworld Holdings Limited which in turn is owned by TUI Travel Plc ("TUI") The Company was acquired by the TUI Group in April 2008
- 2.1.5 Tickets.NL issued court proceedings against the Company on 8 October 2008
- 2.1.6 A mediation took place on 8 April 2010 in an attempt to settle the Tickets NL legal proceedings but no agreement could be reached
- 2.1.7 The Company ceased trading on 22 September 2010. The management accounts produced to us by the Directors show that the Company made significant trading losses from the FIFA World Cup 2010 in South Africa. The TUI Group decided to settle the creditors incurred since the Company was unable to meet the creditors without receiving loans from other TUI Group companies. The Company's management accounts to 30 September 2010 showed losses made for the year of £2,768,973.
- 2.1.8 The Tickets NL litigation continued and the trial commenced on 14 December 2010.
- 2.1.9 At the trial, the Court did not accept the Company's defence that the contract was illegal since both parties entered into it unaware of its illegality and the Court found against the Company and gave judgment in favour of Tickets NL

- 2.1.10** On 28 January 2011, the Company was ordered to make an interim payment on account of costs to Tickets.NL of £75,000. This was funded by new monies introduced by way of a loan to the Company by Sportsworld Holdings Limited which was secured by way of a debenture dated 17 February 2011.
- 2.1.11** Following a further quantum hearing on 29 March 2011, the Company was ordered to pay Tickets NL the sum of €522,727.15 plus interest. The Company was unable to pay this debt.
- 2.1.12** On 14 July 2011 Tickets.NL presented a petition to Court to wind-up the Company. However, on 15 July 2011 Sportsworld Holdings Limited, as holder of a qualifying floating charge, filed a Notice of Appointment in Court and the Company was placed into Administration.
- 2.1.13** Prior to us consenting to act as Administrators, we sought the background and history of the Company from its Director Mr Darren Mee and the Company's lawyers ASB Law. We were made aware of the issues between Tickets NL and the Company and at all times during the course of the Administration we have acted independently and for the benefit of creditors as a whole in accordance with statutory obligations to achieve the purposes laid out in our proposals.
- 2.1.14** Our independence was challenged by Russell Cooke LLP ("Russell Cooke") on 17 October 2011 on behalf of their clients Tickets NL and during the Administration Russell Cooke on behalf of their clients has written some 40 letters and emails (ie on average more than one a week since the commencement of the Administration) where we have been obliged to seek legal advice and in some instances the opinions of Counsel in order to answer the numerous assertions that have been raised not only in relation to the Company and its Directors but also into the conduct of the Administration.
- 2.1.15** This has been a complicated and resource intensive Administration to date for a number of reasons. Firstly that the TUI Group had decided to settle all the Company's agreed creditor liabilities incurred from the trading losses of the FIFA World Cup 2010. As a result, the major creditors of the Company that remained at the date of Administration were the TUI Group companies and Tickets.NL. Secondly, that we have been drawn into the Company's litigation between Tickets.NL and the TUI Group. This has been explained further in this report. There is considerable animosity between these parties and we have been caught in the middle of the ongoing legal dispute. When we have attempted to allow the parties to act without our involvement, we have been brought back in with threats of legal applications.
- 2.1.16** Our lawyers, Charles Russell, advised us that we had no alternative but to comply with these requests so that the ongoing legal dispute could be progressed and not delayed, notwithstanding the costs that would be incurred.

- 2.1.17 We hoped that we would be allowed to carry out our responsibilities to all creditors by identifying the Company's assets, realising these assets for the benefit of all creditors and undertaking our statutory obligations of investigation into the Company's affairs. However, in view of the volume of communications that we have received from Russell Cooke since our appointment, many of which have raised assertions that have required detailed consideration before we could reply, we have incurred considerably more costs than we originally expected.
- 2.1.18 Russell Cooke has insisted throughout on receiving immediate responses to all their letters and emails rather than await the outcome of the Administration in its usual course and awaiting progress reports which we are required by law to provide to creditors. On a number of occasions we have been provided with arbitrary deadlines. Assertions have been made that failing to reply to letters would result in further action. As a result we have incurred more costs in the process. These are the main reasons for the higher than expected costs of the Administration which we have referred to later in this report. Our approach has been to reply as fully as possible to Russell Cooke's numerous communications – which as referred to above have arrived at an average of more than one a week since the Administration began.
- 2.1.19 We have set out in this report the additional costs we have incurred in relation to each of the matters we have summarised above so all the creditors are aware of why we incurred the costs and the specifics of when the request was made and when and how we dealt with it.

## **2.2 Appointment of Administrators by a qualifying floating charge holder**

- 2.2.1 As you are aware, on 15 July 2011 my colleague Geoffrey Carton-Kelly and I were appointed as Joint Administrators of the Company pursuant to paragraph 14 of Schedule B1 to the Insolvency Act 1986. The appointment was made by Sportsworld Holdings Limited as holder of a qualifying floating charge.
- 2.2.2 On 15 July 2011, immediately after our appointment, we referred the notice of appointment, debenture, loan agreement, letter of demand and minutes of board meetings to our solicitors Charles Russell and requested that they review the information provided and confirm whether or not our appointment was valid. This advice was received from Charles Russell on 22 July 2011, and confirmed that the debenture was valid and our appointment was in order.
- 2.2.3 Paragraph 3 of Schedule B1 to the Insolvency Act 1986 (as amended) sets out the purposes of an Administration. The Administrators' must perform their functions with the objective of:
- (a) rescuing the Company as a going concern, or
  - (b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration); or
  - (c) realising property in order to make a distribution to one or more secured or preferential creditors

2.2.4 In view of the fact that the Company had ceased trading, it was deemed that it was not possible to achieve purpose (a) and (b) above and therefore we have been concentrating on achieving purpose (c)

2.2.5 No further issues were raised by any creditors in relation to our appointment by the Qualifying Floating Charge holder prior to or indeed at the meeting of creditors that was held on 19 October 2011 where our modified proposals were approved

### 2.3 Matters leading up to the creditors' meeting

2.3.1 A valid request was made by Tickets.NL for a creditors' meeting to be held on 15 September 2011. We were asked to produce their letter to the creditors' meeting for the purpose of considering the matters referred to in their letter which they suggested required investigation

2.3.2 On 22 September 2011 we provided our response to the request for the meeting of creditors being held. Russell Cooke was reminded that the business of the initial meeting of creditors was to consider the Administrators' proposals and any proposed (and accepted) modifications to those proposals. Therefore the aforementioned purpose for the request was not a proper purpose of the meeting as required by the relevant legislation

2.3.3 Russell Cooke was advised that if a meeting was to be held within the 28 day period starting from the day the request was received, in accordance with Rule 2.37(2) of the Insolvency Rules 1986, neither of the Joint Administrators would be able to attend. The reason for this being that whilst one Administrator was on annual leave, the other had at that time been placed on sick leave due to having recently been diagnosed with a serious illness

2.3.4 In view of this, Russell Cooke was provided with three options to resolve this matter and asked to advise us of their preferred option

- i) To hold the meeting within the 28 day period, but with neither office holder in attendance. This would also have required a deposit of £5,000 to be paid by Tickets NL in accordance with Rule 2.37(4) of the Insolvency Rules 1986
- ii) To convene a meeting by correspondence pursuant to Rule 2.48 of the Insolvency Rules 1986
- iii) If all creditors were to agree, to hold the meeting of creditors outside of the 28 day period, allowing for one of the Administrators to be in attendance. This would also have required a deposit of £5,000 to be paid by Tickets NL

- 2.3.5** We provided a detailed response to the specific queries raised by Russell Cooke in their letter of 15 September 2011 on 10 October 2011. In our reply we also reminded them of the provisions of Rule 2.33 of The Insolvency Rules 1986 which specifies what the Administrators are required to include in the statement containing the proposals. Russell Cooke was advised that there is no requirement in the rules for the proposals to set out in detail what the Administrators intend to investigate and that to do so may compromise potential claims against third parties. It was also reiterated that we had already confirmed in correspondence that the matters raised by their client would be investigated fully, in accordance with our obligations as Administrators. Before we were able to provide this response however we received a further 8 letters from Russell Cooke which required attention and responses. Those relating to the proposals and meeting of creditors are detailed below.
- 2.3.6** On 26 September 2011 our solicitors Charles Russell received a letter from Russell Cooke in which they stressed their client's concern that progress would not be made in the absence of the Administrators as explained above and went on to suggest that different Administrators be appointed.
- 2.3.7** We confirmed that the absence of the Administrators for a short period of time such as holidays did not significantly affect the progress of an Administration since there is a whole team of qualified and experienced professionals who progress the case in any event. Russell Cooke stated that they required a meeting to be held and within the prescribed time limit.
- 2.3.8** We responded to Russell Cooke that same day advising them that progress was being made and that the meeting would be convened very shortly. They were advised that the provisional date for the meeting was 10 October 2011, which was chosen due to the availability of all parties to attend, including the Director, Mr Darren Mee, with whom we had been liaising.
- 2.3.9** That same day, we received a further letter from Russell Cooke stating that it would not be appropriate for Mr Mee to attend the creditors' meeting. We did not understand their objection to Mr Mee attending the meeting and, in any event, he was entitled to receive notice and attend in accordance with relevant legislation. Due to the impending expiry of the 14 day notice period required to convene the meeting of creditors, we replied to Russell Cooke the following day on 27 September 2011, stating that we requested that Mr Mee attend the meeting in order that he might answer questions which would inevitably arise. We also reminded Russell Cooke that we, as Administrators had previously offered them a meeting to discuss any concerns which they may have but they had declined. In view of the above on 27 September 2011, a notice was issued to all creditors for a meeting of creditors to be held on 10 October 2011.
- 2.3.10** Despite our earlier assertion that the business of the initial meeting of creditors is to consider the Administrators' proposals and any proposed (and accepted) modifications to those proposals, our solicitors received a further letter from Russell Cooke on 30 September 2011 in which they claimed that the meeting convened is not the meeting they had requested nor had their numerous concerns as detailed in their letter of 15 September 2011 been specifically included as proposals as issues for the Administrators to investigate.

- 2.3.11 We had already advised Russell Cooke that it was for us as the Administrators to determine the extent of the investigations to be carried out. This is in accordance with Statement of Insolvency Practice No 2. Included with their letter was a six page attachment titled "*List of Proposed Modifications to the Joint Administrators' Proposals and Report dated 6 September 2011*" which they requested be accepted by the Administrators. Russell Cooke also requested that we quantify the claim of Tickets.NL with regard to what sum would be admitted for voting purposes at the forthcoming meeting and also asked us to clarify what investigations we had carried out to validate the unsecured claim of Sportsworld Group Limited and what proportion had been accepted.
- 2.3.12 Since this letter and enclosures were extremely lengthy, and included issues which required resolution prior to the creditors' meeting, our immediate attention was required. We reviewed the issues raised and liaised with our solicitors in order that we might provide a response to Russell Cooke's letters dated 15 September 2011 and 30 September 2011.
- 2.3.13 On 5 October 2011 we received another letter from Russell Cooke in which they suggested that the meeting scheduled to be held on 10 October 2011 be adjourned as they had yet to receive a response to their letters of 15 September 2011 and 30 September 2011. At that time we had yet to receive the Statement of Affairs from the Director of the Company and therefore we felt that an adjournment was an appropriate course of action to undertake.
- 2.3.14 We received a proof of debt from Tickets NL from Russell Cooke on 6 October 2011. The accompanying proxy form indicated that Tickets.NL would be represented at the meeting.
- 2.3.15 On 7 October 2011, all creditors were advised that the meeting would be adjourned and that they would be advised of the new meeting date in due course once the availability of the relevant parties had been confirmed.
- 2.3.16 Our solicitors Charles Russell issued on our behalf a response to Russell Cooke's letters on 10 October 2011. This responded to the points raised in their detailed letters of 15 September 2011 and 30 September 2011. This answered the large number of specific queries previously raised. With regard to our Administrators' report and proposals, Russell Cooke were advised that the numerous amendments which they suggested should be made to the proposals appeared to relate to the body of the Administrators' report rather than the specific proposals which were to be voted upon. Russell Cooke was reminded that the contents of the report are a matter for the Administrators in accordance with Rule 2.33 of The Insolvency Rules 1986. Accordingly we advised them that we did not consider it appropriate or necessary to amend the body of the report in accordance with their "*list of proposed modifications to the Administrators proposals and report dated 6 September 2011*". We did however advise them that revised modified resolutions would be sent to creditors shortly and we reiterated the fact that we are neutral and independent office holders and aware of our responsibilities to act in the interest of all creditors. It was also requested that both Russell Cooke and their client Tickets NL work with the Administrators towards achieving the best outcome for all creditors.

**2.3.17** On 12 October 2011 a letter was received from Russell Cooke advising us that they would be happy to work with the Administrators, but only if we engaged and addressed the outstanding issues of their letters of 15 and 30 September 2011, which they claimed were not sufficiently answered in our letter of 10 October 2011. They also claimed to have additional queries arising out of the information supplied in our letter of 10 October 2011. All their queries were listed in this letter. They requested a reply by 17 October 2011. This was indicative of the correspondence with Russell Cooke throughout the period of the Administration in that once any form of information was provided to them, additional queries were raised which required further reply which in turn resulted in increased costs.

**2.3.18** With regard to the Administrators' report and proposals Russell Cooke highlighted that their key issues were as follows:

- the purpose of the Administration (and why the Company was in Administration at all);
- the proposed duration of the Administration;
- the financial position of the Company;
- the proposed investigations in the course of the Administration and the proposed exit route from Administration.

**2.3.19** They stated that they did not consider that it was sufficient to address the issues by way of resolutions alone, although they accepted that resolutions could be put to the creditors' meeting.

**2.3.20** A response to this letter was issued on 13 October 2011 providing answers to those queries where the information was available but which also explained that we were not able to answer certain of their queries by 17 October 2011, since the information was not immediately available.

**2.3.21** Formal notice of the adjourned creditors' meeting that was to be held on 19 October 2011 was issued to creditors on 14 October 2011 and included modified proposals.

**2.3.22** On 17 October 2011, we received through Charles Russell an email from Russell Cooke requesting a response by 1pm on 18 October 2011. In this letter they sought information and clarification in respect of a number of issues, which they claimed we had failed to answer adequately in previous correspondence. These issues included questions relating to the Statement of Affairs, the admitting of creditor claims for voting purposes, specific queries relating to the Company's financial position and the proposed resolutions.

**2.3.23** With regard to the Administrators' report and proposals, they argued that there is no reason for the Company to remain in Administration in view of the fact that the proposed asset realisations were greater than originally expected and hence it was expected that there would be a distribution to unsecured creditors. They requested that we explain why the Company was continuing to be in Administration and why this would result in a better result for the creditors than if the Company was then wound up.

- 2.3.24** Placing the Company into liquidation would have been inappropriate since at that time the only asset realisation which had been achieved was in respect of the cash at bank of £32,946 and therefore all other assets remained to be realised. In order to have placed the Company into creditors voluntary liquidation pursuant to paragraph 83(1)(a) of Schedule B1 to the Insolvency Act 1986, the total amount which each secured creditor of the Company was likely to receive must have been paid to them or set aside for them. Clearly, at that stage, this was not possible. Furthermore it would not have been in the creditors' interest to place the Company into compulsory liquidation since the remaining asset realisations would have attracted ad valorem fees thereby reducing the amount available to be paid to creditors.
- 2.3.25** We had previously advised Russell Cooke that Mr Mee might not be able to attend the adjourned creditors' meeting. In their email of 17 October 2011 Russell Cooke changed their position by highlighting their concern that points they had previously raised regarding the financial position of the Company could not be dealt with if he did not attend. This was in direct contrast to their position stated in their letter of 26 September 2011.
- 2.3.26** Russell Cooke also raised concerns as to the modified proposals. Their concerns were in respect of the proposed exit date, the Administrators' discharge from liability and the proposed Liquidators, should the Company be placed into creditors' voluntary liquidation.
- 2.3.27** In response to these points, and the many others raised in their email, our solicitors telephoned Russell Cooke and explained that in view of the short timeframe, we would not be replying to this email but that the matters of concern could be discussed at the forthcoming meeting of creditors.
- 2.3.28** In summary, we consider it is appropriate in this Administration to set out the considerable extra work that had to be carried out in relation to the process leading up to the creditors' meeting which was due in the main to the approach of Russell Cooke on behalf of its clients Tickets NL to challenge every aspect of this process.
- 2.3.29** It should be noted that prior to the date of the creditors' meeting we had received a total of 17 letters and emails from Russell Cooke requiring our attention.
- 2.3.30** At the meeting of creditors held on 19 October 2011 modified proposals were approved by all creditors.
- 2.3.31** The costs incurred up to the day before the creditors' meeting are as detailed in the table below. These costs were presented to the creditors who voted at the meeting -

	£
Administrators time costs	46,746
Administrators pre appointment costs	1,544
Charles Russell (actual £21,394)	20,000
Total	£68,290

- 2.3.32** A breakdown of the Administrators costs incurred between 15 July 2011 and 18 October 2011 can be found at Appendix G

## **2.4 Administrators revised proposals**

### **2.4.1 We have set out the agreed proposals as follows -**

1. The Administrators should consider and pursue the most appropriate method of realising the assets for the benefit of the creditors
2. The Administrators should arrange to distribute available funds from the realised assets to those creditors entitled to them in such manner as they consider will lead to an early distribution of the available assets in an economic manner
3. The Administrators be authorised to make such application to court for directions as they consider appropriate with a view to achieving the purposes of the Administration or their proposals
4. The Administrators take steps to conclude the Administration (either by way of Compulsory Liquidation or Creditors Voluntary Liquidation) no later than 19 January 2012 so that the remaining property and assets can be dealt with by the Liquidators
5. If funds are available to pay a dividend to unsecured creditors, the Administrators will end the Administration pursuant to Paragraph 83 by moving the Company into Creditors' Voluntary Liquidation.
6. If the Company is to be placed into Creditors Voluntary Liquidation in due course, that John Ariel and Geoffrey Carton-Kelly of Baker Tilly Restructuring and Recovery LLP, 12 Gleneagles Court, Brighton Road, Crawley RH10 6AD and Simon Bonney of RSM Tenon, 81 Station Road, Marlow, Buckinghamshire, SL7 1NS be appointed Joint Liquidators of the Company following the cessation of the Administration and the Joint Liquidators will have the power to act jointly and severally. Creditors may, before the proposals are approved, nominate a different person as Liquidator in accordance with paragraph 83(7)(a) and Rule 2.117A(2)(b).
7. If there are no funds available to pay a dividend to unsecured creditors, the Administrators will end the Administration by a Compulsory Winding Up of the Company
8. To consider and if thought fit, appointing a Creditors' Committee to assist the Administrators.
9. In the event that a Creditors' Committee is not established, the Administrators be discharged from liability in respect of any action of theirs as Administrators 28 days following their cessation to act as Administrators
10. In the event that a Creditors' Committee is not established, the Administrators shall be authorised to draw their remuneration based upon their time costs by reference to the time properly given by the Administrators and their staff, in attending to matters arising in the Administration at Baker Tilly Restructuring and Recovery LLP standard hourly rates, current details of which are attached at Appendix F (of the original report), but which are reviewed periodically and such remuneration to be paid out of the assets of the Company and which may be drawn on account as and when funds permit without further recourse to creditors.

- 11 In the event that a Creditors' Committee is not established, the Administrators shall be authorised to draw their disbursements and other expenses incurred by them in the Administration, to be paid out of the assets of the Company, such disbursements to include "Category 2 disbursements" at the rates disclosed in Appendix F (of the original report).
- 12 In the event that a Creditors' Committee is not established, the Administrators shall be authorised to draw their outstanding pre-appointment remuneration and disbursements as set out in Appendix H, in the sum of £1,535 and £9 respectively to be paid out of the assets of the Company as and when funds permit, such disbursements to include "Category 2 disbursements" at the rates disclosed in Appendix F (of the original report)

## **2.5 Floating charge of Sportsworld Holdings Limited**

- 2.5.1 On 20 October 2011 we received a letter from Russell Cooke challenging the validity of the appointment. The letter started a lengthy process lasting 2 months where Russell Cooke challenged the validity of the appointment of Administrators since they asserted that the qualifying floating charge was invalid.
- 2.5.2 Our solicitors had already confirmed that the security was in order and that our appointment was valid. However in view of the challenge made by Russell Cooke we were advised by our solicitors that we would either have to seek the agreement of Russell Cooke and their client that they accepted that the security was in order and that we had been validly appointed or without this agreement we would have no alternative but to make an application to the High Court for directions and obtain an appropriate Order to this effect.
- 2.5.3 We were left in the situation that we could not avoid further costs. In order to save the costs of a Court application, we then proceeded to provide Russell Cooke with all the evidence our lawyers had relied upon in giving their advice. It was then necessary to deal with all the questions that followed. Russell Cooke was instructed by their client to seek an opinion of Counsel. This raised yet further questions. We were therefore compelled to instruct our own Counsel.
- 2.5.4 It is now necessary to provide full details to the creditors of the further work undertaken in relation to the Sportsworld Holdings Limited security. The loan made to the Company of £75,000 was used to make the payment to Tickets NL as referred to above. This was a new loan which had been secured by the debenture granted by the Company in favour of Sportsworld Holdings Limited.
- 2.5.5 Russell Cooke requested in their letter of 20 October 2011 a response by 12 noon on 21 October 2011 which was obviously an unrealistic deadline. In view of the concerns raised our solicitors sent a holding reply that day.

- 2.5.6 We subsequently looked into the issues raised which centred on the fact that because Sportsworld Holdings Limited did not have an active bank account they had instructed Sportsworld Group Limited to pay, on their behalf, the amount of £75,000 to ASB Law for onward transmission to Russell Cooke. We therefore discussed the various matters raised with members of the TUI Group staff in order to clarify the internal accounting processes which Russell Cooke had questioned as regards the treatment of the loan in their accounts in respect of the intercompany recharges which took place. Obviously, since a challenge had been made, it would either have to be resolved or the answers provided to the Court if an application had been needed.
- 2.5.7 In addition to this, we also consulted with our solicitors, who had already reviewed the appointment documents and confirmed that the appointment was valid. At the time of the initial advice being received, it was not thought relevant to seek internal records of the TUI Group to see how the loan had been entered into their accounts. However, since Russell Cooke raised the question regarding the accounting treatment we obtained the information to answer it.
- 2.5.8 It should be noted that in coming to their decision, our solicitors Charles Russell had reviewed the following documents:
- i) Loan agreement between Sportsworld Holdings Limited and the Company
  - ii) Debenture between Sportsworld Holdings Limited and the Company
  - iii) Letter of demand from Sportsworld Holdings Limited to the Company
  - iv) Board minutes of Sportsworld Holdings Limited relating to the loan, the debenture and the appointment
- 2.5.9 Notwithstanding the comments made by Russell Cooke in their letter of 20 October 2011, Charles Russell still considered that both the debenture and the Appointment were valid. However, in order to deal with Russell Cooke's concerns we sought Counsel's advice on the matter.
- 2.5.10 On 24 October 2011 our solicitors received another letter from Russell Cooke commenting that we had seen no evidence of the loan being paid by Sportsworld Holdings Limited and demanded a response by 5.30pm that same day. We did not feel the need to comply with Russell Cooke's unreasonable request for a reply at such very short notice but instead waited for the opinion to be received from Counsel. This was received verbally on 25 October 2011 and confirmed our belief that the Appointment was valid based on how the monies had been remitted to Russell Cooke.
- 2.5.11 On 31 October 2011 our solicitors responded to Russell Cooke's letters of 20 and 24 October 2011. Charles Russell advised that they had reviewed the matter fully and remained satisfied that the Qualifying Floating Charge and the appointment were valid. The reason for this was that whilst the monies were sourced from Sportsworld Group Limited it was clearly evident that the intention was that this be recharged to Sportsworld Holdings Limited such that the liability from the Company was owing to them. Russell Cooke was provided with copies of the relevant emails which confirmed this intention. Furthermore they were also advised that Sportsworld Holdings Limited did not have an active bank account at the time and therefore was unable to make the payment directly. We asked that Russell Cooke confirm that in view of the above the issue be closed and that if we did not receive their confirmation we would have no

alternative but to cease progressing the Administration and apply to Court for directions

- 2.5.12** An email was received by our solicitors from Russell Cooke on 8 November 2011 stating that they did not consider that we had sufficient evidence to prove the appointment was valid. They also asked for a number of other queries relating to the appointment to be resolved.
- 2.5.13** On 17 November 2011 our solicitors wrote to Russell Cooke providing them with the evidence to support their assertion that the appointment was valid. Russell Cooke was also requested to provide their written confirmation by 24 November 2011 that their client accepted that we had been validly appointed, in view of the evidence supplied to them. We advised Russell Cooke that since Tickets NL were a significant creditor, and the only unconnected creditor, should they not provide this confirmation, we would have no alternative but to make an application to Court for directions and a declaration that the appointment was valid.
- 2.5.14** On 24 November 2011 we received an email from Russell Cooke requesting an extension of time since they required Counsel's opinion.
- 2.5.15** On 2 December 2011, we received an email from Russell Cooke in which they claimed that it was still not possible to determine who was entitled to the £75,000 and they therefore did not confirm that they felt that our appointment was valid.
- 2.5.16** In addition to this, they further questioned the validity of the appointment, citing the following 2 additional issues:
- i) That the existence of a security deposit deed which predates the debenture, may result in the debenture not covering substantially the whole of the Company's assets, as is required for any appointment to be valid.
  - ii) Whether in fact the Company was in default of the loan since the letter of demand from Sportsworld Holdings Limited was dated 14 July 2011, and may not have been received by the Directors of the Company until after the appointment was made on 15 July 2011.
- 2.5.17** The issues raised in their letter dated 2 December 2011 required us to incur further costs in order to obtain information relating to the security deposit deed. In addition to this, we also needed to seek further legal advice.
- 2.5.18** Our solicitors responded on our behalf on 16 December 2011 and provided Russell Cooke with all the evidence we had supporting the validity of our appointment, including copies of the security documentation referred to above. In addition to this, they were also advised that it would be completely artificial to consider that the existence of a security deposit (a routine form of security) could render the appointment invalid and in any event only a small proportion of the Company's assets were charged under it and therefore substantially the whole were subject to the debenture. They were also advised that since Mr Darren Mee was Director of both the Company and Sportsworld Holdings Limited, and the letter of demand was signed by him, then it was received by the Company on 14 July 2011 prior to the appointment on 15 July 2011.

We reiterated to Russell Cooke that this matter was causing significant delays and additional unnecessary costs and again if they did not accept the validity of our appointment, we would make an application to Court and refer our letter on the question of costs should the need have arisen

**2.5.19** On 22 December 2011, our solicitors received a letter from Russell Cooke in which they finally stated that their client had no issues with the validity of our appointment as Administrators

**2.5.20** It should be noted that dealing with the aforementioned challenge to the validity of our appointment significantly increased the Administrators' costs and the costs of our solicitors. Significant costs were also incurred in respect of Counsel. This also delayed us in progressing the Administration towards a conclusion in the projected timescale previously agreed at the creditors' meeting

**2.5.21** We have estimated the costs incurred in the 2 months from 20 October 2011 to 22 December 2011 in dealing with this matter as follows -

	£
Administrators	11,166
Charles Russell	14,754
Counsel	4,000
TOTAL	£29,920

## **2.6 Disclosure of documents per consent order of 21 December 2011.**

**2.6.1** Paragraph 43(6) of Schedule B1 of the Insolvency Act 1986 deals with a moratorium and states the following, which applies once a company has entered into Administration

**2.6.2** No legal process (including legal proceedings, execution, distress and diligence) may be instituted or continued against the Company or property of the Company except-

- (a) With the consent of the Administrator, or
- (b) With the permission of the Court

**2.6.3** On 16 September 2011 we received a letter from Russell Cooke solicitors acting on behalf of Tickets NL in which they requested our consent to bring cost proceedings against the Company. This we were informed was part of a claim against the TUI Group which Tickets NL had asserted was the source of funding behind the defence of the aforementioned proceedings commenced against the Company.

**2.6.4** On 27 September 2011 we received another letter from Russell Cooke requesting that we provide consent for them to commence legal proceedings against the Company prior to our proposals being considered at the creditors' meeting. They requested a response to their letter by no later than 4 October 2011.

**2.6.5** In our letter dated 29 September 2011 we explained that we would like to have some additional time to enable us to more fully understand the issues at stake before we could reach a decision as to whether or not we should give our consent.

- 2.6.6 We were still reviewing the Company's records to ascertain the position regarding the source of funding but the records were incomplete because of the nature of the TUI Group financial processes where the main financial system was operated within Sportsworld Group Limited. We were expecting the Statement of Affairs imminently which would have assisted in confirming the inter-company position.
- 2.6.7 Irrespective of the above response, on 13 October 2011 an email was received from Russell Cooke which demanded that a decision be notified to them no later than 4pm on 14 October 2011. They went on to state that if a decision was not forthcoming, or if we did not give the consent requested then their client would proceed with an application to seek the permission of the Court to commence proceedings and would seek the costs associated with such an action from the Administrators. It should be noted that at this time the proposals had still not been approved and therefore we would still have preferred to have discussed the matter with them directly either at a meeting or following the creditors' meeting which was due to take place on 19 October 2011.
- 2.6.8 As a consequence of this demand however, we had no alternative but to obtain legal advice on the matter since it would in all likelihood result in a need for the Administrators to disclose information regarding the source of funding and to incur further costs which did not relate to the primary purposes of the Administration. The advice received indicated that we should provide the consent as this would not prejudice our position as Administrators and therefore on 14 October 2011 we permitted Russell Cooke to commence proceedings but subject to our ability to be able to provide the information when available.
- 2.6.9 We had hoped after the creditors had agreed the proposals at the creditors' meeting, that we would be able to focus on the implementation of the proposals so that we could realise the assets and take the steps to distribute the monies to the secured creditor and to consider the exit from the Administration in January 2012. However, Russell Cooke involved us further in the third party costs application which has meant we have again incurred costs not directly relating to the primary purpose of the Administration and in work we had hoped could have waited until the Company had been placed into liquidation.
- 2.6.10 On 3 November 2011 our solicitors received a further email from Russell Cooke indicating that they did not understand our letter of 14 October 2011 and again requested that we provided our consent to the commencing of proceedings. We replied to this email by way of a letter dated 7 November 2011 clarifying that consent was granted but highlighting the fact that at the time we did not have the information to confirm the source of funding to the legal proceedings with Tickets NL.
- 2.6.11 On 17 November 2011 our solicitors received an email from Russell Cooke requesting confirmation that Charles Russell may accept service of the third party costs application. Confirmation of this was provided on 17 November 2011. Also on 17 November 2011 Charles Russell received the aforementioned application, together with a covering letter requesting details of who would be attending a directions hearing planned for the following week. Those details were provided to Russell Cooke by way of a letter from Charles Russell dated 21 November 2011 in which it was stated that in order to save costs, the Company would not be represented at the hearing.

- 2.6.12 On 23 November 2011 our solicitors received another letter from Russell Cooke advising us that they had been contacted by Herbert Smith solicitors who were acting on behalf of the TUI Group in respect of the third party costs application. They also asked whether as Administrators we agreed to their proposed directions.
- 2.6.13 Our solicitors replied on our behalf on 16 December 2011 again confirming that we had provided our consent and also making it clear that we would comply with any Court order regarding providing documentation relating to the source of funding. Our concern regarding the build-up of costs was stressed to Russell Cooke and we requested that their client pay the Administrators' costs in relation to preparing the list of documents for disclosure. The reason for this was that the application was made by their client and solely in order to benefit their client.
- 2.6.14 On 19 December 2011 our solicitors received another letter from Russell Cooke regarding the source of funding. Despite indicating in previous correspondence to them that we would comply with any order for disclosure, Russell Cooke expressed their dissatisfaction as to the way in which information as to the identity of the funder was being dealt with and stating that their client reserved the right to seek a costs order against both the Company and the other respondents at the forthcoming hearing which was due to take place on 21 December 2011. With this letter they also included a detailed witness statement and indicated that at the forthcoming hearing they intended to ask the Court for an order requiring each respondent to serve a witness statement to deal with the question of who funded the Company's costs in defending the claim.
- 2.6.15 We responded to this letter on 20 December 2011 stating that we were not aware of exactly who funded the defence since we had not received a proof of debt from either TUI Travel Plc or TUI UK Limited.
- 2.6.16 A further letter was received by our solicitors from Russell Cooke on 20 December 2011. This letter indicated that they had changed their position and were not only seeking directions regarding the witness statements but also general directions regarding disclosure, all to be completed prior to 19 January 2012.
- 2.6.17 In order to clarify these points our solicitors wrote to Russell Cooke on 20 December 2011 on our behalf and asked them to state exactly what orders they would be seeking against the Company at the forthcoming hearing. Subsequent to this, a telephone conversation took place between the two firms of solicitors and a draft consent order was agreed upon which was later approved by the Court on 21 December 2011. The issue of costs has been deferred to be paid by the unsuccessful party in due course.
- 2.6.18 The consent order stipulated the following which related to the Company
- By 4pm on 6 February 2012 the Defendant, acting through its Administrators shall provide to the Claimant and the TUI Respondents copies of documentation relating to the source of the funding of the Defendant's costs of defending the claim.
- By 4pm on 13 February 2012 the Defendant, acting through its Administrators shall permit the claimant to inspect the books and records of the Defendant relating to the source of funding of the claim.

**2.6.19** In order to comply with the first of the above two orders, it was necessary for us to inspect the financial files of ASB Law, who were previously acting for the Company in respect of the defence of the claim. In order to save costs this was not carried out by the Administrators themselves, but by appropriately qualified members of staff, i.e. an Associate Director and an Assistant Manager. The files were inspected on 17 January 2012 and the task of inspecting the files took all day due to the fact that there were a total of 48 separate files.

**2.6.20** The aforementioned inspection resulted in us obtaining copies of all the relevant documentation from the ASB Law files relating to the source of funding. In addition to this however, we also inspected the 14 boxes which comprise the books and records of the Company and again photocopied anything that related to the source of funding. This information was passed to our solicitors on 2 February 2012 who subsequently forwarded it on to Russell Cooke on 3 February 2012 to comply with the terms of the consent order.

**2.6.21** We have estimated the costs incurred in dealing with the third party costs order but only up to 14 January 2012, as follows -

	£
Administrators	4,827
Charles Russell	6,829
Counsel	1,875
TOTAL	£13,531

**2.6.22** Please note that the analysis of costs enclosed at Appendix G is only for the six month period to 14 January 2012 and further work has been undertaken since that date in the investigation of the ASB Law financial records on 17 January 2012 and in order to comply with the Order for Disclosure of Documents by 6 February 2012.

## **2.7 Statement of Affairs**

**2.7.1** On 29 July 2011 Mr Darren Mee, a Director of the company was served with a notice requiring the submission of a Statement of Affairs pursuant to Paragraph 47 of Schedule B1 to the Insolvency Act 1986 (as amended).

**2.7.2** At the meeting with TUI Group staff on 4 August 2011, an extension of time was granted in respect of the submission of the Statement of Affairs in order that further investigations could be carried out to ensure that an accurate statement could be produced in due course.

**2.7.3** We had a statutory obligation to issue our report and proposals to creditors no later than 9 September 2011 and our report was actually issued on 6 September 2011. We had hoped the Director would have provided his statement of affairs but it appears he was waiting for us to continue our investigations so that additional monies we identified as assets of the Company could then be included in the Statement of Affairs.

- 2.7.4 Since we had not received the Statement of Affairs at the time the report and proposals were issued, we included within the report an appendix showing the estimated statement of financial position in accordance with Rule 2.33 of the Insolvency Rules 1986 (as amended). This statement was prepared based on the accounting records supplied to us.
- 2.7.5 At 6 September 2011, we had not established the recoverability of the intercompany tax debtor and therefore we did not include any sums due in our statement to the creditors. Since our investigations into the tax affairs of the Company were ongoing, we were also not aware at that time of the potential terminal loss relief claim.
- 2.7.6 In view of the above, the statement indicated that the Company had insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part. Consequently we made a statement pursuant to Paragraph 52(1)(b) of Schedule B1 to the Insolvency Act 1986 (as amended) that we were not convening a meeting of creditors.
- 2.7.7 The Statement of Affairs was eventually supplied to us on 5 October 2011 and was subsequently sent to creditors of the Company and filed at Companies House. We then tabled the Statement of Affairs at the creditors' meeting on 19 October 2011.

### **3 ASSETS REALISED**

- 3.1 The Director Mr Mee prepared a witness statement on 27 January 2011 in the Tickets NL legal proceedings where he identified the Company's assets to have a value of £81,736. However the investigations carried out by the Administrators and our staff identified additional assets and as a consequence of this you will note below that the asset realisations now total £230,155.
- 3.2 **Cash at Bank and in hand**
- 3.2.1 The Director's Statement of Affairs as at 15 July 2011 indicated that at that date the Company had cash at bank of £35,507. On 15 July 2011 our department cashier was instructed to request that the Bank freeze the Company bank accounts, and open a new Administration account in order that the funds could be transferred into it. Shortly thereafter the sum of £32,946 was received from Barclays Bank Plc in respect of these balances.
- 3.2.2 The sum realised was less than that detailed on the Statement of Affairs, primarily due to the fact that a direct debit payment to Barclaycard had been in the banking system and whilst the Bank accepted our instructions it would not have been possible to stop the payment. However, it should be noted that this sum paid from the account was subsequently refunded to the Administration account since it formed part of the inter-company debtor balance, details of which are shown later in this report.
- 3.2.3 Our cashier also banked £36 of petty cash held by the Company.

### **3.3 Furniture & Equipment**

- 3.3.1** Shortly after our appointment, an asset register was obtained from the Company's records. This indicated that the Company owned a number of items of furniture and equipment which had been fully depreciated in the Company's accounts. On 3 August 2011, this list was referred to our agents, Hilco Appraisal Europe Limited who subsequently performed a desktop valuation in respect of the assets shown on the register.
- 3.3.2** We were advised that the market value of the assets was estimated to be £2,000 plus VAT. On 4 August 2011 a member of our staff visited the Company's former trading premises in Wimbledon and whilst there he clarified the position with regard to the items of furniture and equipment owned by the Company. He was advised that items detailed on the register were being used by other TUI Group companies
- 3.3.3** Creditors will note above that the Company had ceased to trade in September 2010, some nine months prior to the Administration, so it was not possible to physically identify the assets since they had been removed sometime previously for use by other TUI Group companies. We therefore had to rely on the asset register and the agent's valuation was based on their views where they had not actually seen the assets that they were being asked to value at that time
- 3.3.4** Whilst we considered investigating this matter further to determine the location of the individual items, it was deemed that this would have incurred significant time costs which would have been disproportionate to the value of the assets concerned and therefore of no benefit to the creditors. Instead of this, we ensured that an invoice was raised in respect of the sale of the assets, the invoice being dated 8 December 2011. We can confirm that payment was made for the assets on 23 December 2011. The furniture and equipment was sold for £2,000 to TUI Travel Sport c/o Sport Abroad (UK) Limited which is another TUI Group company

### **3.4 Unpaid Share Capital**

- 3.4.1** The Statement of Affairs indicated that there was a sum of £29,890 owing from Sportsworld Holdings Limited in respect of unpaid share capital. This was verified by way of reference to the Company's records
- 3.4.2** Payment in full was made on 13 December 2011

### **3.5 Intercompany Debts – Group Relief**

- 3.5.1** The Company records and previous Company accounts were analysed in order to identify and confirm the assets of the Company. These records indicated that there may be a tax repayment that could be claimed in respect of previously paid corporation tax
- 3.5.2** Firstly, we had noted that in the balance sheet which accompanied Mr Darren Mee's witness statement dated 27 January 2011 he had mentioned sums due to the Company from other TUI Group companies in respect of the Company's tax losses which had been relieved against group profits

3.5.3 It was determined that the TUI Group had a policy whereby the group companies are reimbursed for any losses surrendered at the group tax rate of 28%. This debt had an estimated to realise value of £42,000 as detailed in the Statement of Affairs.

3.5.4 On 12 January 2012 we received a payment in the sum of £41,917.

### **3.6 Terminal Loss Relief Claim**

3.6.1 This was a complex matter that required gaining an understanding of both the TUI accounting practices and the HM Revenue and Customs tax issues to maximise the potential tax repayment to the Company. We therefore utilised the services of an Associate Director and a manager in our department who have significant knowledge and experience of tax claims. This ensured that the Company would be able to recover all relevant corporation tax previously paid.

3.6.2 The investigations carried out determined the exact amount that had already been claimed by the TUI Group as stated above and in addition the terminal loss relief claim that could be made. Consequently, we received the sum of £65,654 on 30 December 2011. The potential realisation as detailed in the Directors' Statement of Affairs was previously estimated at £49,562 although this was not an asset that had been identified by the Director as an asset of the Company at the date of Administration.

3.6.3 It should be noted that the level of staff used in agreeing both the group relief and terminal loss relief claims was commensurate with the complexity of the matters concerned and also the quantum of the realisations made. Their work has confirmed that all tax paid has now been recovered and that there is no further tax realisations achievable.

### **3.7 Intercompany Debts – Barclaycard Payments**

3.7.1 Our initial investigations into the transactions made through the Company's bank account indicated that following the cessation of trade on 22 September 2010, payments totalling £57,710 had been made to Barclaycard in respect of debts incurred by other TUI Group companies.

3.7.2 This was acknowledged by the Director who subsequently included this intercompany debt in the Statement of Affairs. The sum of £57,710 was received on 13 December 2011.

## **4 ASSETS REMAINING TO BE REALISED**

### **4.1 Connected Party Transactions**

4.1.1 We have identified a number of other transactions that have not, as yet, been explained to our satisfaction as part of our investigations. It is not possible to quantify the value that could be attributed to these transactions without further investigation. We are awaiting a reply from the TUI Group as to whether they accept that certain payments were made for the benefit of other TUI Group companies.

- 4.1.2 We have also recently identified a document in the records regarding the Company's goodwill and asked the director Mr Mee to explain whether any goodwill of the Company has benefitted any other TUI Group company. Mr Mee replied to us on 9 February 2012 with a full explanation based on Ms Whitmore's role as key relationship director in the Company. This will need to be considered in detail. Mr Mee's letter is confidential and therefore we are unable to divulge anything further in this report to the creditors but the matter will require further investigation in due course.

## 5 INVESTIGATIONS

- 5.1 Under insolvency legislation, an Administrator has limited powers to undertake an investigation into an insolvent company's affairs which is predominantly the responsibility of the Official Receiver or a Liquidator. The Administrators' statutory duties are principally limited to considering the Directors' conduct and reporting to the Department of Business, Innovation and Skills ("DBIS"). In accordance with these duties, we submitted our report to DBIS on 12 January 2012.

### 5.2 Conduct of Directors

- 5.2.1 At the outset we interviewed Mr Darren Mee as part of our statutory obligations and also undertook a full review of the Company's records that had been made available to us.
- 5.2.2 The Company had ceased to trade in September 2010 when all employees' contracts of employment had been terminated. Ms Lindsay Whitmore (who was the Managing Director of the Company prior to its acquisition by Sportsworld Holdings Limited, and had remained a Director of the Company post acquisition) resigned on 24 September 2010.
- 5.2.3 Mr Mee mentioned at the creditors' meeting that we should seek to ask Ms Whitmore questions since she had a greater knowledge of the Company's affairs. We then asked her to attend for interview, but Ms Whitmore was not amenable to a meeting. However, after sending her certain letters she eventually completed a questionnaire. Ms Whitmore explained that in fact she had no financial responsibilities after the Company had been acquired by the TUI Group and that all the Company's finances were then being managed by Mr Chad Lion-Cachet, the Director of Sportsworld Group Limited. Before interviewing Ms Whitmore, we sought further clarification from Mr Mee because of his comments at the creditors' meeting.
- 5.2.4 Both Russell Cooke and ourselves reached the incorrect conclusion based on Mr Mee's assertions that Ms Whitmore should be interviewed because she had the knowledge of the day to day activities of the Company. In our letter to Mr Mee we gave him the opportunity to reconsider his assertion as to whether any other Director had a greater knowledge than he had. Mr Mee has now provided a detailed reply which was received on 9 February 2012 and this matter will now need to be investigated further.
- 5.2.5 It should be noted that Ms Whitmore has said the finances were controlled by the Sportsworld Group Limited and this explains why the financial records of the Company had been integrated into the Sportsworld Group Limited records.

5.2.6 Mr Lion-Cachet in his questionnaire has said he was responsible for the Sportsworld Group Limited. Since Mr Mee did not mention Mr Lion-Cachet at the creditors' meeting we asked Mr Mee to explain his comments. Mr Mee has not referred in his reply to the role of Mr Lion-Cachet.

5.2.7 When Mr Mee has clarified these matters, the investigations can then be continued.

### 5.3 Sportsworld intercompany loan account and the 2010 Company's trading results

5.3.1 The key records which we have been seeking from Sportsworld Group Limited form part of those companies' records and were not actually contained within the Company's records that were made available to us at the outset. However subsequently we have been requesting information from Sportsworld Group Limited which has been provided to us periodically and this information contains invoices from Sportsworld Group Limited to the Company to reflect financial transactions carried out and processed through the Sportsworld Group Limited bank account.

5.3.2 As part of our investigations, we have been investigating the Company's relationship with Sportsworld Group Limited and in particular the intercompany account shown in the Company's records of an amount owed to Sportsworld Group Limited of £1,274,127. Once we were in receipt of the Company's records, we commenced the investigation of each of the transactions that were posted to this account. Because we did not have all the records to identify the supporting evidence to significant journal adjustments, we asked Sportsworld Group Limited to assist us since without access to that company's records, we would be unable to verify each and every entry. One way we hoped we would save time, was the expectation that Sportsworld Group Limited would be submitting a proof of debt for voting purposes at the creditors' meeting. In fact the proof of debt was received on the evening of the day before the creditors' meeting and thus there was a limit to the verification work that could be done prior to the creditors' meeting.

5.3.3 The importance of the proof of debt was that Sportsworld Group Limited could vote at the meeting and that after the meeting we could then review the proof further to make sure that supporting evidence had been provided for all the transactions posted to the intercompany account or we could seek any information that had still not been provided.

5.3.4 At the creditors' meeting, we had already identified that the proof did not provide evidence of the actual journal transactions that had passed through the Sportsworld Group Limited records and thus Mr Mee was asked whether Sportsworld Group Limited entered transactions at the same amount as in its own records or made any management charges for dealing with the finances. Mr Mee was not aware of this at the creditors' meeting so we then had to ask Sportsworld Group Limited for further evidence to support the loan account.

5.3.5 Sportsworld Group Limited is the largest unsecured creditor and met most of the costs of paying the Company's creditors. This company, acted as the finance company for the UK Sports Division of the TUI Group and in this regard acted as the conduit for the business conducted in respect of the FIFA World Cup 2010 not just for the Company but also for other TUI Group companies that were involved.

- 5.3.6 We were informed that the Company didn't have "the route to market to sell to the hotels", but Sportsworld Group Limited did and it managed the allocations for the entire UK Sports Division for the FIFA World Cup 2010. For example there were 57 hotel contracts that were divided into the four TUI companies that were involved. The Company was one of these four and the other companies involved from the TUI Group were Sportsworld Group Limited, Thomson Sport and Fanatics.
- 5.3.7 Certain evidence to support the income and outgoings relevant to the Company has been provided to us by Sportsworld Group Limited where there are also invoices raised from Sportsworld Group Limited to the Company for flights, hotels and coaches. These we are informed was for the Company's share. The Company's share of the hotel costs was some 21%. Without access to the Sportsworld Group Limited records, it would not be possible to verify the allocation of the contracts between the four companies involved in the FIFA World Cup 2010.
- 5.3.8 There are some 200 entries in the intercompany account. We have reviewed the Company's records for supporting documentation and also asked for information from the records of Sportsworld Group Limited where the Company's records did not provide any evidence or limited evidence for the transactions in the loan account. The outcome is that without full access to the contract files of the Sportsworld Group Limited for every contract placed for the FIFA World Cup 2010 and the reason for the division of the contracts between the four TUI Group companies, it would not be possible to verify the Company's income and outgoings and to reconcile to the Company's management accounts. These management accounts showed a loss for the year to 30 September 2010 of £2,768,973 but no audit of these accounts has been conducted.
- 5.3.9 Mr Mee stated at the creditors' meeting that the Company's losses were due to the poor occupancy rate in South Africa during the FIFA World Cup 2010.
- 5.3.10 We have noted that the Sportsworld Group Limited audited accounts for the year to 30 September 2010 showed profits for the year of £2,252,000. These audited accounts refer to their two global events in the year, being the FIFA World Cup 2010 and also the Winter Olympic games. These accounts explain about the challenges the company faced during the FIFA World Cup 2010 but they do not explain whether losses were made from this event and if so how much.
- 5.3.11 Based on the information available, our only conclusion at this stage is that the records provided to us are incomplete and inadequate to determine the Company's activities and share of the global event of the FIFA World Cup 2010. We are unable to comment at this stage or reach any other conclusions in relation to the conduct of the Directors. The investigation will need to be continued by the Liquidators in due course.
- 5.4 Matters brought to the Administrators attention by creditors**
- 5.4.1 We have a general obligation to answer reasonable questions from creditors. Whilst we were concerned as to the considerable costs we were incurring in so doing, our solicitors Charles Russell agreed that we should attempt to answer as best as we could the questions raised by Russell Cooke and their clients Tickets NL. However, as with any Administration it is not cost effective to attempt to report to any one specific creditor on individual aspects of the case.

5.4.2 In an email to Charles Russell dated 17 October 2011, Russell Cooke questioned our independence, stating the following

*"The approach your clients have taken to date in dealing with the Sportsworld debt, creates a perception of bias on their part, towards Sportsworld Your clients should be considering their position having regard to the Insolvency code of Ethics vis-à-vis a conflict of interest"*

5.4.3 We have attempted to highlight the fact that as Administrators we are undertaking this Administration in an independent manner and therefore acting for the creditors as a whole. However, Russell Cooke has repeatedly questioned the manner in which this Administration is being conducted rather than await the outcome.

5.4.4 At the meeting of creditors on 20 October 2011 we admitted the Sportsworld Group Limited claim for voting purposes for £1,274,127. We allowed Russell Cooke on behalf of their clients Ticket NL to inspect the proof on the day of the creditors' meeting with the supporting evidence.

5.4.5 We have received some correspondence from ASB Law on behalf of Sportsworld Group Limited during the Administration. However, we have received from Russell Cooke a total of some 40 separate and often lengthy letters and emails, which we have been obliged to deal with. They have challenged on behalf of their client's Tickets.NL issues concerning the report and proposals, attendance at the meeting of creditors, the validity of our appointment and the validity of the security granted to Sportsworld Holdings Limited where the new monies loaned to the Company were paid to their clients. They have also insisted that we assist with their application for a third party costs order and involved us in extra work which we hoped could have been avoided had we been allowed to complete the Administration and exit into Liquidation. We hoped after the creditors' meeting to be allowed to implement the agreed proposals so there would be an early exit from the Administration.

5.4.6 We were restricted in our actions during the two months where our appointment was being challenged in view of the issues that this would have caused but nevertheless have continued our investigations and the progression of the Administration during this period.

5.4.7 Notwithstanding all the aforementioned matters that arose after the creditors' meeting, we have still attempted to take the steps to exit from the Administration at the earliest opportunity but there still remain certain statutory obligations that are required to be resolved before the Company can be placed into Liquidation as set out in this report.

5.4.8 We refer creditors to Section 11 of this report which deals with the proposed exit from the Administration.

## 6 RECEIPTS AND PAYMENTS SUMMARY

6.1 We attach as Appendix B a summary of our receipts and payments for the period from 15 July 2011 to 14 January 2012 which shows a balance in hand of £160,451.

## **6.2 VAT Basis**

- 6.2.1** Receipts and payments are shown net of VAT, with any amount due to or from HM Revenue & Customs shown separately

## **7 ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS**

- 7.1** The Joint Administrators' time costs reported to the creditors' meeting totalled £46,746. There was no objection made to these costs which were on a time costs basis as referred to above although at the meeting Russell Cooke did seek certain further details in relation to the costs which was supplied to them on 4 November 2011. After allowing a period of some 6 weeks where no objections were received, we drew our fees of £46,746 on 22 December 2011 when in funds to do so.
- 7.2** The costs of our solicitors Charles Russell for the period to the creditors' meeting totalled £21,394 and these costs have also been paid. Our solicitors have incurred total costs to 14 January 2012 of £44,915, plus expenses including Counsels costs of £5,328.
- 7.3** Our Administrators' time costs since the date of the creditors' meeting on 19 October 2011 to 14 January 2012 total £42,641. In order for creditors to better understand the breakdown of these costs you will note above the specific costs in dealing with the appointment challenge and validity of the debenture security and also the third party costs order. This means the balance of the costs of £26,648 relates to the general conduct of the Administration.
- 7.4** These time costs were incurred in attending and reporting to creditors the outcome of the creditors' meeting, realising the remaining assets of the Company of some £197,000 pursuant to the proposals, continuing the investigations of the Company's affairs and the conduct of the Directors and the interrogation of the intercompany transactions and general conduct of the Administration.
- 7.5** We have enclosed an analysis of the total costs for the 6 month period to 14 January 2012 in Appendix G. This schedule has been supported with a further specific breakdown of the time incurred in this matter up to 18 October 2011 which shows the time costs analysis supporting the fee drawn on 22 December 2011 which we believed was not in dispute. You will note in section 8 the specific rules relating to creditors in seeking further information and the ability to challenge the remuneration as appropriate. To assist creditors we have further analysed the 6 month time costs summary in Appendix G and provided a more detailed breakdown of categories.
- 7.6** Please note our explanations in this report and the reasons why we were obliged to obtain legal advice and also obtain Counsel's opinions on a number of crucial matters. These matters required replies to letters and emails but also to engage in meetings and also telephone conversations and conference calls with our solicitors and Counsel so that emails and letters in reply could be sent at the earliest opportunity. Obviously in this Administration we have also had to reply to considerable correspondence and deal with matters where applications to Court may have been required or where we have been involved in Court applications which have led to significant time costs being incurred. All of this has added to the work necessary to administer and progress this

Administration but we have now been able to identify and realise majority of the assets for the benefit of all creditors including the tax refund as a result of the Terminal Loss relief claim

7.7 It is our opinion that considerable progress has been made in a period of six months, notwithstanding that an Administration can continue for 12 months and in certain cases be extended for a further period

7.8 The creditors agreed the aforementioned modified proposals at the creditors' meeting, which were unanimously approved. The creditors also resolved in favour of the resolution that the Administrators shall be authorised to draw their remuneration based upon their time costs by reference to the time properly given by the Administrators and their staff, in attending to matters arising in the Administration at Baker Tilly Restructuring and Recovery LLP standard hourly rates but which are reviewed periodically and such remuneration to be paid out of the assets of the Company and which may be drawn on account as and when funds permit without further recourse to creditors

7.9 We have presented separately in this report the Administrators' costs and those of our solicitors and Counsel that were reported to creditors at the creditors' meeting taken up to the preceding day of the meeting on 19 October 2011. We have also shown all our respective costs for the period from the date of the Appointment to 14 January 2012.

#### **7.10 Disbursements incurred in the period from 15 July 2011 to 14 January 2012**

7.10.1 Approval was given at the creditors' meeting to the drawing of disbursements, including category 2 disbursements. Details of the current rates are attached at Appendix D and category 2 disbursements incurred in the period are detailed in Appendix E

#### **7.11 Joint Administrators' statement of expenses**

7.11.1 A statement of the expenses incurred during the period, is attached at Appendix F. This includes all expenses incurred in the period of the report irrespective of whether they have been paid or not and may include estimated amounts where actual invoices have not been received. The receipts and payments abstract at Appendix B sets out the expenses actually paid in the period

### **8 CREDITORS' RIGHT TO INFORMATION AND ABILITY TO CHALLENGE EXPENSES**

8.1 In accordance with the provisions of Rules 2.48A and 2.109 of The Insolvency Rules 1986 creditors have a right to request further information about remuneration or expenses (other than pre-administration costs) and to challenge such remuneration or expenses

8.2 A request for further information must be made in writing within 21 days of receipt of this report

- 8.3 Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to Court that the remuneration charged, the basis fixed or expenses incurred by the administrator are in all the circumstances excessive
- 8.4 Any such challenge must be made no later than eight weeks after receipt of the report which first discloses the charging of remuneration or incurring of the expenses in question

## 9 CREDITORS' CLAIMS AND DIVIDEND PROSPECTS

### 9.1 Secured Creditor

9.1.1 Sportsworld Holdings Limited holds a debenture over all the assets and undertaking of the business Pursuant to section 245 of the Insolvency Act 1986 (as amended), the floating charge is valid in respect of monies paid to the Company at the same time as or after the creation of the charge Therefore the floating charge is valid in respect of the £75,000 paid to the Company at the time the security was created plus the associated interest accrued thereon The debenture security is shown in Appendix A

9.1.2 As stated earlier in this report, our legal advisers have confirmed that the debenture is valid and that it is in order to now make a distribution to Sportsworld Holdings Limited under the floating charge

9.1.3 We anticipate that there will be a shortfall to the secured creditor

### 9.2 Preferential Creditors

9.2.1 Since all employees were paid their entitlements in full, the Company has no preferential creditors which require to be settled prior to a distribution being made under the floating charge

### 9.3 Unsecured Creditors

9.3.1 The agreement of creditors' claims by the Joint Administrators (or any subsequently appointed Liquidator) is a separate matter and will be dealt with as appropriate in due course, initially by reference to the proofs of debt lodged in the Administration by creditors themselves

9.3.2 The Statement of Affairs indicated that at the date of our appointment, the Company had the following unsecured creditors

	£
TUI UK Limited	176,686
Sportsworld Group Limited	1,274,127
Tickets NL Tour Operating BV	499,001
TOTAL	£1,949,814

- 9.3.3 To date we have received claims from Sportsworld Group Limited of £1,274,127 and Tickets NL Tour Operating BV of £853,268 90 include costs We have not received a claim from TUI UK Limited
- 9.3.4 We can advise creditors that in addition to the above claims, on 6 October 2011 we received an email from Siemens Financial Services Limited requesting the location of a franking machine which they claimed was still under a lease agreement with them They also requested whether we were aware of any interested parties who may wish to assign or make an offer for the equipment
- 9.3.5 We were advised by TUI Group staff that they believed that the franking machine to which Siemens referred was returned to them in January 2011 when a new franking machine was delivered This information was passed on to Siemens but on 7 December 2011 a claim was received in respect of the lease rental agreement in the sum of £4,694
- 9.3.6 The adjudication of the unsecured creditors will be a matter for the Liquidators in due course

## **10 PRESCRIBED PART**

- 10.1 The "Prescribed Part" is a statutory amount, calculated as a percentage of net floating charge realisations, which entitles unsecured creditors to a share of realisations This is calculated on a sliding scale up to maximum of £600,000 before costs
- 10.2 The amount of the Prescribed Part of the assets under Section 176A of the Insolvency Act 1986 (as amended) is currently uncertain.
- 10.3 We do not propose to make an application to court under Section 176A(5) of the Insolvency Act 1986 (as amended) for an order disapplying the Prescribed Part provisions

## **11 EXIT FROM THE ADMINISTRATION**

- 11.1 Creditors should note that pursuant to paragraph 76(1) of Schedule B1 to the Insolvency Act 1986, the Administration may continue for a period of one year beginning with the date on which it takes effect Since only seven months have elapsed since the commencement, there have been no extensions of the Administration
- 11.2 Creditors will recall however that at the meeting of creditors on 19 October 2011, the following modified proposal was approved

*The Administrators take steps to conclude the administration (either by way of compulsory liquidation or creditors voluntary liquidation) no later than 19 January 2012 so that the remaining property and assets can be dealt with by the Liquidators*

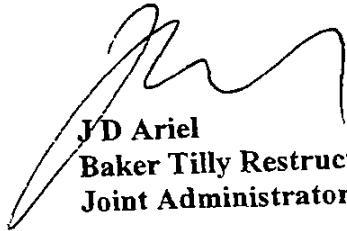
- 11.3 The tax debtor monies were only received on 12 January 2012 but of course we have been involved in the third part costs order requirements where we visited ASB Law on 17 January 2012 in order to comply with the provisions of the Court order to supply the financial records to Russell Cooke by 6 February 2012 We were also required to allow

Russell Cooke the opportunity to inspect the books and records of the Company relating to the source of funding of the defence of the Tickets NL claim which by Court Order was required to take place by 13 February 2012 Russell Cooke however did not seek to inspect the records in accordance with the Court order

- 11.4 These issues that arose after the aforementioned proposal was approved by creditors have meant that it has hampered our ability to take steps to conclude the Administration by 19 January 2012
- 11.5 We believe that the connected party transactions referred to above will need further investigation by the Administrators and by the Liquidators of the Company in due course
- 11.6 In respect of an exit into Compulsory Liquidation, the proposal states that "if there are no funds available to pay a dividend to unsecured creditors, the Administrators will end the Administration by a Compulsory Winding Up of the Company"
- 11.7 In accordance with paragraph 43 of Schedule B1 to the Insolvency Act 1986, the fact that the Company had entered Administration meant that a moratorium came into effect in respect of any other legal process being commenced or continued apart from the third party costs order that we were required to agree to. As a consequence of this, the winding up petition presented against the Company by Tickets NL could not be progressed. However, on 17 August 2011, we received a letter from Russell Cooke requesting our consent to the petition remaining on the Court file during the course of the Administration and this consent was granted on 23 August 2011. The purpose of this is that if the exit from Administration is Compulsory Liquidation, then the petition can then be used for this purpose in due course
- 11.8 The Administration has continued and costs have been incurred that are not reflected in this report since the progress report is for the 6 month period to 14 January 2012. Whilst there are prescribed part monies available to pay a dividend to unsecured creditors, we believe that the required investigations that are still to be carried out may exhaust these monies and therefore the correct exit should be by Compulsory Liquidation. An Administrator can only exit to Creditors' Voluntary Liquidation if he thinks that a distribution will be made to unsecured creditors.
- 11.9 We are not yet in a position to exit to Liquidation until we have complied with the aforementioned proposal as follows:-
- "The Administrators should arrange to distribute available funds from the realised assets to those creditors entitled to them in such manner as they consider will lead to an early distribution of the available assets in an economic manner"*
- 11.10 As stated above, it is not in the creditors' interest to place the Company into Compulsory Liquidation until the distribution has been made to the secured creditor since the funds in hand on conversion would attract ad valorem fees thereby reducing the amount available to be paid to creditors.
- 11.11 We will shortly pay the distribution to the secured creditor and then prepare our final report to creditors to conclude the Administration

Should you have any queries, please do not hesitate to contact us

For and on behalf of Mango Event Management Limited



**JD Ariel**  
**Baker Tilly Restructuring and Recovery LLP**  
**Joint Administrator**

**14 February 2012**

John Ariel is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales  
Geoffrey Lambert Carton-Kelly is licensed to act as an Insolvency Practitioner in the UK by the Insolvency Practitioners Association  
The affairs, business and property of the company are being managed by the Joint Administrators who act as agents of the company  
and without personal liability

## Appendix A

### STATUTORY INFORMATION

Company Name	Mango Event Management Limited
Functions:	<p>The Joint Administrators' appointment specified that they would have the power to act jointly and severally.</p> <p>The Joint Administrators have exercised and will continue to exercise, all of their functions jointly and severally as stated in the Notice of Appointment</p>
Previous Company Names	None
Company Number	3999639
Date of Incorporation	23/05/2000
Trading Name	None
Trading Address	4th Floor, Tuiton House, 27-37 St George's Road, Wimbledon, SW19 4EU
Principal Activity	Other Business Activities
Registered Office	<p>Baker Tilly Restructuring and Recovery LLP, 12 Gleneagles Court, Brighton Road, Crawley RH10 6AD (Current)</p> <p>TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, RH10 NQL (Previous)</p>
Appointor	Sportsworld Holdings Limited, TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, RH10 NQL
Share Capital: Nominal and Issued Share Capital	30,000 Ordinary Shares Issued: 30,000 Ordinary Shares at a par value of £30,000
Shareholders	Sportsworld Holdings Limited – 30,000 shares
Directors on Appointment	Darren Mee, Chad Lion-Cachet, John Wimbleton
Mortgages and Charges	Charge created 17/02/11 and registered on 25/02/11 in favour of Sportsworld Holdings Limited

## Appendix B

**Receipts and Payments Abstract: FMANGO - Mango Event Management Limited In Administration**  
**Bank, Cash and Cash Investment Accounts From 15/07/2011 To 14/01/2012**

SOA Value £	15/07/2011 to 14/01/2012		Total to 14/01/2012	
	£	£	£	£
	<b>ASSET REALISATIONS</b>			
0 00	Bank Interest Gross	1 30	1 30	
35,506 62	Cash at Bank	32,946 13	32,946 13	
0 00	Cash on Hand	36 45	36 45	
99,710 00	Debtors (Pre-Appointment)	99,627 00	99,627 00	
2,000 00	Office Equipment	2,000 00	2,000 00	
29,890 00	Other Current Assets	29,890 00	29,890 00	
49,562 00	Tax Refund	65,654 35	65,654 35	
		230,155 23		230,155 23
	<b>COST OF REALISATIONS</b>			
0 00	Appointee Fees	(46,745 50)	(46,745 50)	
0 00	Bank Charges	(1 94)	(1 94)	
0 00	Legal Disbursements	(18 00)	(18 00)	
0 00	Legal Fees	(21,394 00)	(21,394 00)	
0 00	Pre-Appointment Disbursements	(9 00)	(9 00)	
0 00	Pre-Appointment Fees	(1,535 00)	(1,535 00)	
		(69,703 44)		(69,703 44)
	<b>UNSECURED CREDITORS</b>			
(176,686 00)	Trade and Expense Creditors	0 00	0 00	
(1,773,128 00)	Unsecured Creditors	0 00	0 00	0 00
	<b>EQUITY</b>			
(30,000 00)	Ordinary	0 00	0 00	0 00
(1,763,145 38)		0 00		0 00
		160,451.79		160,451.79
	<b>REPRESENTED BY</b>			
	Barclays Current		46,912 29	
	Barclays Tracker		100,000 00	
	VAT Receivable (Payable)		13,539 50	
				160,451 79
				160,451.79

## Appendix C

### BAKER TILLY RESTRUCTURING AND RECOVERY LLP

#### CHARGING, EXPENSES AND DISBURSEMENTS POLICY STATEMENT

##### Charging policy

- Partners, Directors, managers, administrators, cashiers, secretarial and support staff are allocated an hourly charge out rate which is reviewed from time to time
- Work undertaken by cashiers, secretarial and support staff will be or has been charged for separately and such work will not or has not also been charged for as part of the hourly rates charged by partners, Directors, managers and administrators.
- Time spent by partners and all staff in relation to the insolvency estate is charged to the estate.
- Time is recorded in 6-minute units at the rates prevailing at the time the work is done
- The current charge rates for Baker Tilly Restructuring and Recovery LLP Crawley are attached
- Time billed is subject to Value Added Tax at the applicable rate.
- It is the office holder's policy to ensure that work undertaken is carried out by the appropriate grade of staff required for each task, having regard to its complexity and the skill and experience actually required to perform it
- Baker Tilly Restructuring and Recovery LLP's charge out rates are reviewed periodically

##### Expenses and disbursements policy

- Only expenses and disbursements properly incurred in relation to an insolvency estate are re-charged to the insolvency estate.
- Expenses and disbursements which comprise external supplies of incidental services specifically identifiable to the insolvency estate require disclosure to creditors, but do not require creditors approval prior to being drawn from the insolvency estate. These are known as "Category 1" disbursements
- Expenses and disbursements which are not capable of precise identification and calculation (for example any which include an element of shared or allocated costs) or payments to outside parties that the firm or any associate has an interest in, require the approval of creditors prior to being drawn from the insolvency estate. These are known as "Category 2" disbursements.
- A resolution to consider approving "Category 2" disbursements at the rates prevailing at the time the cost is incurred to Baker Tilly Restructuring and Recovery LLP Crawley will be proposed to creditors in general meeting
- General office overheads are not re-charged to the insolvency estate as a disbursement
- Any payments to outside parties in which the office holder or his firm or any associate has an interest will only be made with the approval of creditors.
- Where applicable, expenses and disbursements re-charged to or incurred directly by an insolvency estate are subject to VAT at the applicable rate

## Appendix D

### BAKER TILLY RESTRUCTURING AND RECOVERY LLP JOINT ADMINISTRATORS' CURRENT CHARGE OUT AND DISBURSEMENT RATES

HOURLY CHARGE OUT RATES		
	Rate at commencement £	Current rate £
Partner	405 – 485	405 - 485
Director	325	325
Manager	160-225	160-225
Administrator	100	100
Support staff	95	95

"CATEGORY 2" DISBURSEMENT RATES	
Photocopying	10p per sheet
Travel (car)	45p per mile (inc VAT)

## Appendix E

### BAKER TILLY RESTRUCTURING AND RECOVERY LLP JOINT ADMINISTRATORS' CATEGORY 2 DISBURSEMENTS TABLE

Amounts paid or payable to the Office Holder's firm or to any party in which the office holder or his firm or any associate has an interest		
Recipient, Type and Purpose	Paid	Unpaid
	£	£
Baker Tilly Restructuring & Recovery LLP (Administrators' Disbursements) - Mileage	0	113
Baker Tilly Restructuring & Recovery LLP (Administrators' Disbursements) – Photocopying	0	23
<b>Total</b>	0	136

## Appendix F

**STATEMENT OF EXPENSES INCURRED BY THE JOINT ADMINISTRATORS' IN  
THE PERIOD FROM 15 JULY 2011 TO 14 JANUARY 2012**

[illegible]

**Mango Events Management Limited**  
**769228/700 Administration**  
**Administrators' Costs Incurred between 15 July 2011 and 14 January 2012**

HOURS SPENT	Partners	Director	Manager	Assistant Managers	Administrators & Assistants	Total Hours	Total Time Costs	Average rates
Administration and Planning	16.2	11.1	2.0	55.7	19.3	104.3	£22,890.50	£218.47
Investigations	0.8	4.8	50.8	30.0	0.5	86.9	£18,761.50	£215.90
Realisation of Assets	0.0	1.6	4.2	17.3	0.4	23.5	£4,617.40	£196.49
Creditors	6.5	28.5	57.0	103.0	10.0	78.0	£18,787.00	£239.57
Case Specific Matters	14.7	24.6	61.2	52.8	2.1	97.2	£24,331.00	£243.52
<b>TOTAL HOURS</b>	<b>38.2</b>	<b>70.6</b>	<b>60.0</b>	<b>188.8</b>	<b>32.3</b>	<b>389.9</b>	<b>£89,387.40</b>	<b>£229.26</b>
<b>TOTAL TIME COSTS</b>	<b>£15,791.00</b>	<b>£22,945.00</b>	<b>£13,500.00</b>	<b>£33,996.50</b>	<b>£3,154.90</b>		<b>£89,387.40</b>	
<b>Administration and Planning</b>								
Appointment	5.9	4.0	0.0	7.8	1.1	18.8	£5,470.00	£290.96
Background information	0.0	0.0	0.0	0.0	2.5	2.5	£237.50	£95.00
Case Management	3.2	3.4	0.0	16.2	1.6	24.4	£5,488.50	£225.35
Closure	0.0	0.0	0.0	0.6	0.0	0.6	£108.00	£180.00
Pension Scheme	0.0	0.0	0.0	1.4	0.3	1.7	£280.50	£165.00
Post-appointment general	0.0	0.0	0.0	2.7	0.0	2.7	£486.00	£180.00
Post-appointment taxation	0.8	0.0	1.0	10.1	0.0	12.0	£2,407.50	£200.63
Pre-appointment matters	0.0	0.3	0.0	1.4	0.0	1.7	£349.50	£205.59
Receipts and Payments	1.0	0.3	0.0	5.8	12.2	19.3	£2,802.00	£145.18
Shareholders/Director/Debtor/ Bkpt	5.2	1.6	1.0	5.2	1.6	14.6	£3,953.50	£270.79
Statement of Affairs	0.0	1.5	0.0	4.5	0.0	6.0	£1,297.50	£216.25
<b>Totals</b>	<b>16.2</b>	<b>11.1</b>	<b>2.0</b>	<b>55.7</b>	<b>19.3</b>	<b>104.3</b>	<b>£22,890.50</b>	<b>£219.47</b>
<b>Investigations</b>								
Investigations/CDDA	0.8	4.8	50.8	30.0	0.5	86.9	£18,761.50	£215.90
<b>Totals</b>	<b>0.8</b>	<b>4.8</b>	<b>50.8</b>	<b>30.0</b>	<b>0.5</b>	<b>86.9</b>	<b>£18,761.50</b>	<b>£215.90</b>
<b>Realisation of Assets</b>								
Assets general/other	0.0	1.3	4.2	8.0	0.0	13.5	£2,807.50	£207.96
Chattels	0.0	0.3	0.0	2.4	0.0	2.7	£529.50	£196.11
Debtors & sales finance	0.0	0.0	0.0	3.4	0.0	3.4	£612.00	£180.00
Land and Property	0.0	0.0	0.0	3.5	0.4	3.9	£688.40	£171.38
<b>Totals</b>	<b>0.0</b>	<b>1.6</b>	<b>4.2</b>	<b>17.3</b>	<b>0.4</b>	<b>23.5</b>	<b>£4,617.40</b>	<b>£196.49</b>
<b>Creditors</b>								
1st creditors/shareholders meetings and repo	5.5	17.1	0.0	20.8	8.3	51.7	£12,317.50	£238.25
Reviewing tax paid by company	0.0	3.9	0.0	0.0	0.0	3.9	£1,276.50	£327.31
Other Creditor Meetings and Reports	0.0	0.0	0.0	0.0	0.4	0.4	£40.00	£100.00
Secured Creditors	0.5	2.0	0.0	3.5	0.0	6.0	£1,482.50	£247.08
Unsecured Creditors	0.5	5.5	0.0	8.7	1.3	16.0	£3,679.50	£229.97
<b>Totals</b>	<b>6.5</b>	<b>28.5</b>	<b>0.0</b>	<b>33.0</b>	<b>10.0</b>	<b>78.0</b>	<b>£18,787.00</b>	<b>£240.86</b>
<b>Case Specific Matters</b>								
Challenge to validity of appointment	9.8	9.4	0.0	22.9	0.2	42.3	£11,166.00	£263.97
Third party costs order	0.2	7.5	0.0	9.0	0.2	16.9	£4,827.00	£285.62
Other Legal Matters	4.7	7.4	3.0	20.9	1.7	37.7	£8,240.50	£218.58
Major Issues Pension Scheme	0.0	0.3	0.0	0.0	0.0	0.3	£97.50	£325.00
<b>Totals</b>	<b>14.7</b>	<b>24.6</b>	<b>3.0</b>	<b>52.8</b>	<b>2.1</b>	<b>97.2</b>	<b>£24,331.00</b>	<b>£250.32</b>
<b>TOTAL HOURS</b>	<b>38.2</b>	<b>70.6</b>	<b>60.0</b>	<b>188.8</b>	<b>32.3</b>	<b>389.9</b>	<b>£89,387.40</b>	<b>£229.26</b>
<b>TOTAL TIME COST</b>	<b>£15,791.00</b>	<b>£22,945.00</b>	<b>£13,500.00</b>	<b>£33,996.50</b>	<b>£3,154.90</b>		<b>£89,387.40</b>	

## Administrators' Costs Incurred between 15 July 2011 and 14 January 2012

**Appointment**

	Director /				Total Hours	Total Time Costs
	Partners	Managers	Administrators	Assistants		
HOURS SPENT						
Appointment documentation	19	92	00	02	113	£2,911 50
Case planning/strategy	30	26	00	00	56	£2,068 00
IPS data entry	00	00	00	03	03	£28 50
Statutory filing/advertising	10	00	00	06	16	£462 00
<b>Totals</b>	<b>59</b>	<b>118</b>	<b>00</b>	<b>11</b>	<b>188</b>	<b>£5,470 00</b>

**Background Information**

	Director /				Total Hours	Total Time Costs
	Partners	Managers	Administrators	Assistants		
HOURS SPENT						
Books and Records	00	00	00	25	25	£237 50
<b>Totals</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>25</b>	<b>25</b>	<b>£237 50</b>

**Case Management**

	Director /				Total Hours	Total Time Costs
	Partners	Managers	Administrators	Assistants		
HOURS SPENT						
Billing	00	36	00	00	36	£1,083 00
Bond review	00	02	03	00	05	£66 00
Case review	24	41	00	00	65	£1,632 50
Compliance/diary lines/checklists	08	27	00	04	39	£1,007 50
Filing	00	44	08	01	53	£881 50
Travel	00	46	00	00	46	£828 00
<b>Totals</b>	<b>32</b>	<b>196</b>	<b>11</b>	<b>05</b>	<b>244</b>	<b>£5,498 50</b>

**Closure**

	Director /				Total Hours	Total Time Costs
	Partners	Managers	Administrators	Assistants		
HOURS SPENT						
File review/clearance matters	00	06	00	00	06	£108 00
<b>Totals</b>	<b>00</b>	<b>06</b>	<b>00</b>	<b>00</b>	<b>06</b>	<b>£108 00</b>

**Pension Scheme**

	Director /				Total Hours	Total Time Costs
	Partners	Managers	Administrators	Assistants		
HOURS SPENT						
General	00	14	00	03	17	£280 50
<b>Totals</b>	<b>00</b>	<b>14</b>	<b>00</b>	<b>03</b>	<b>17</b>	<b>£280 50</b>

**Post Appointment General**

	Director /				Total Hours	Total Time Costs
	Partners	Managers	Administrators	Assistants		
HOURS SPENT						
Statutory filing/advertising	00	27	00	00	27	£486 00
<b>Totals</b>	<b>00</b>	<b>27</b>	<b>00</b>	<b>00</b>	<b>27</b>	<b>£486 00</b>

**Post Appointment Taxation**

	Director /				Total Hours	Total Time Costs
	Partners	Managers	Administrators	Assistants		
HOURS SPENT						
CT/IT/CGT post-appointment returns	09	107	00	00	107	£2,335 50
VAT post-appointment returns	00	04	00	00	04	£72 00
<b>Totals</b>	<b>09</b>	<b>111</b>	<b>00</b>	<b>00</b>	<b>111</b>	<b>£2,407 50</b>

**Pre-appointment matters**

	Director /				Total Hours	Total Time Costs
	Partners	Managers	Administrators	Assistants		
HOURS SPENT						
Engagement consideration	00	14	00	00	14	£252 00
Appointment formalities	00	03	00	00	03	£97 50
<b>Totals</b>	<b>00</b>	<b>17</b>	<b>00</b>	<b>00</b>	<b>17</b>	<b>£349 50</b>

**Receipts and Payments**

	Director /					
	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
HOURS SPENT						
Cashiering	0 3	1 7	9 2	0 0	11 2	£1,417 00
Receipts and Payments	0 7	4 4	2 0	0 8	7 9	£1,366 00
Statutory R&Ps	0 0	0 0	0 0	0 2	0 2	£19 00
<b>Totals</b>	<b>1 0</b>	<b>6 1</b>	<b>11 2</b>	<b>1 0</b>	<b>19 3</b>	<b>£2,802 00</b>

**Shareholders / Director**

	Director /					
	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
HOURS SPENT						
Correspondence/tel	2 7	5 8	0 0	1 6	10 1	£2,581 00
Meetings	2 5	2 0	0 0	0 0	4 5	£1,372 50
<b>Totals</b>	<b>5 2</b>	<b>7 8</b>	<b>0 0</b>	<b>1 6</b>	<b>14 6</b>	<b>£3,953 50</b>

**Statement of Affairs**

	Director /					
	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
HOURS SPENT						
Meetings/corres/tel	0 0	4 1	0 0	0 0	4 1	£955 50
Preparation	0 0	1 9	0 0	0 0	1 9	£342 00
<b>Totals</b>	<b>0 0</b>	<b>6 0</b>	<b>0 0</b>	<b>0 0</b>	<b>6 0</b>	<b>£1,297 50</b>

**Investigations**

	Director /					
	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
HOURS SPENT						
CDDA report/return	0 0	24 2	0 0	0 5	24 7	£4,693 50
General	0 8	61 4	0 0	0 0	62 2	£14,068 00
<b>Totals</b>	<b>0 8</b>	<b>85 6</b>	<b>0 0</b>	<b>0 5</b>	<b>86 9</b>	<b>£18,761 50</b>

**Assets - general other**

	Director /					
	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
HOURS SPENT						
CT/IT/CGT pre-appointment refunds	0 0	5 9	0 0	0 0	5 9	£1,425 00
Insurance - general	0 0	1 3	0 0	0 0	1 3	£234 00
Other	0 0	6 3	0 0	0 0	6 3	£1,148 50
<b>Totals</b>	<b>0 0</b>	<b>13 5</b>	<b>0 0</b>	<b>0 0</b>	<b>13 5</b>	<b>£2,807 50</b>

**Chattels**

	Director /					
	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
HOURS SPENT						
Agent liaison	0 0	2 4	0 0	0 0	2 4	£475 50
Meetings/corres/tel with directors/debtor	0 0	0 3	0 0	0 0	0 3	£54 00
<b>Totals</b>	<b>0 0</b>	<b>2 7</b>	<b>0 0</b>	<b>0 0</b>	<b>2 7</b>	<b>£529 50</b>

**Debtors**

	Director /					
	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
HOURS SPENT						
Accounting	0 0	0 2	0 0	0 0	0 2	£36 00
Meetings/corres/tel with directors/debtor	0 0	2 7	0 0	0 0	2 7	£486 00
Other major book debt issues	0 0	0 5	0 0	0 0	0 5	£90 00
<b>Totals</b>	<b>0 0</b>	<b>3 4</b>	<b>0 0</b>	<b>0 0</b>	<b>3 4</b>	<b>£612 00</b>

**Land and Property**

	Director /					
	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
HOURS SPENT						
Insurance	0 0	0 1	0 0	0 0	0 1	£16 00
Legal	0 0	1 3	0 0	0 0	1 3	£234 00
Other major land & property issues	0 0	2 1	0 0	0 4	2 5	£418 40
<b>Totals</b>	<b>0 0</b>	<b>3 5</b>	<b>0 0</b>	<b>0 4</b>	<b>3 9</b>	<b>£668 40</b>

**1st Creditors Meeting and Reports**

	Director /					
HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Drafting reports	2 0	6 9	0 0	0 0	8 9	£2,052 00
Meeting Attendance	3 5	7 5	0 0	1 5	12 5	£3,780 00
Meeting documentation	0 0	12 5	0 0	0 0	12 5	£2,395 00
Minutes	0 0	2 5	0 0	6 8	9 3	£1,357 00
Partner/manager review	0 0	8 5	0 0	0 0	8 5	£2 733 50
<b>Totals</b>	<b>5 5</b>	<b>37 9</b>	<b>0 0</b>	<b>8 3</b>	<b>51 7</b>	<b>£12,317 50</b>

**Reviewing tax paid by the company**

	Director /					
HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Reviewing tax	0 0	3 9	0 0	0 0	3 9	£1,276 50
<b>Totals</b>	<b>0 0</b>	<b>3 9</b>	<b>0 0</b>	<b>0 0</b>	<b>3 9</b>	<b>£1,276 50</b>

**Other creditor meetings and reports**

	Director /					
HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Drafting reports	0 0	0 0	0 4	0 0	0 4	£40 00
<b>Totals</b>	<b>0 0</b>	<b>0 0</b>	<b>0 4</b>	<b>0 0</b>	<b>0 4</b>	<b>£40 00</b>

**Secured Creditors**

	Director /					
HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Agreement of claims	0 0	2 3	0 0	0 0	2 3	£568 00
Drafting reports	0 0	1 4	0 0	0 0	1 4	£346 00
Meetings/corres/tel	0 5	1 8	0 0	0 0	2 3	£568 50
<b>Totals</b>	<b>0 5</b>	<b>5 5</b>	<b>0 0</b>	<b>0 0</b>	<b>6 0</b>	<b>£1,482 50</b>

**Unsecured Creditors**

	Director /					
HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Agreement of claims	0 0	0 6	0 0	0 0	0 6	£151 50
Correspondence/tel	0 5	10 1	0 0	1 3	11 9	£2,535 50
Meetings	0 0	1 0	0 0	0 0	1 0	£180 00
Prescribed part	0 0	2 5	0 0	0 0	2 5	£812 50
<b>Totals</b>	<b>0 5</b>	<b>14 2</b>	<b>0 0</b>	<b>1 3</b>	<b>16 0</b>	<b>£3,679 50</b>

**Challenge to Validity**

	Director /					
HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Challenge to Validity	9 8	32 3	0 0	0 2	42 3	£11,166 00
<b>Totals</b>	<b>9 8</b>	<b>32 3</b>	<b>0 0</b>	<b>0 2</b>	<b>42 3</b>	<b>£11,166 00</b>

**Third Party Costs Order**

	Director /					
HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
3rd party costs order	0 2	16 5	0 0	0 2	16 9	£4,827 00
<b>Totals</b>	<b>0 2</b>	<b>16 5</b>	<b>0 0</b>	<b>0 2</b>	<b>16 9</b>	<b>£4,827 00</b>

**Other Legal Matters**

	Director /					
HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Advice	0 5	2 4	0 0	0 0	2 9	£632 50
Litigation	0 0	5 7	0 0	0 0	5 7	£1,248 00
Meetings/corres/tel	2 2	16 6	0 4	1 3	20 5	£4,480 50
Other major issues	2 0	6 6	0 0	0 0	8 6	£1,879 50
<b>Totals</b>	<b>4 7</b>	<b>31 3</b>	<b>0 4</b>	<b>1 3</b>	<b>37 7</b>	<b>£8,240 50</b>

**Pension Scheme**

	Director /					
HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Stakeholder pension formalities	0 0	0 3	0 0	0 0	0 3	£97 50
<b>Totals</b>	<b>0 0</b>	<b>0 3</b>	<b>0 0</b>	<b>0 0</b>	<b>0 3</b>	<b>£97 50</b>

Mango Events Management Limited  
759228/700 Administration  
Administrators' Costs incurred between 15 July 2011 and 18 October 2011

Appendix G

HOURS SPENT	Partners	Directors	Managers	Assistant Managers	Administrators & Assistants	Total Hours	Total Time Costs	Average rates
Administration and Planning	15.5	7.5	1.0	43.5	9.5	77.0	£18,002.50	£233.80
Investigations	0.3	2.6	17.5	9.6	0.0	30.0	£6,632.00	£221.07
Realisation of Assets	0.0	0.3	3.2	6.3	0.0	9.8	£1,949.50	£198.93
Creditors	2.5	20.1	0.0	24.5	1.3	48.4	£12,078.50	£249.56
Case Specific Matters	4.5	7.4	0.0	20.5	1.7	34.1	£8,083.00	£237.04
<b>TOTAL HOURS</b>	<b>22.8</b>	<b>37.9</b>	<b>21.7</b>	<b>104.4</b>	<b>12.5</b>	<b>199.3</b>	<b>£46,745.50</b>	<b>£234.55</b>
<b>TOTAL TIME COST</b>	<b>£9,538.00</b>	<b>£12,317.50</b>	<b>£4,882.50</b>	<b>£18,790.00</b>	<b>£1,217.50</b>	<b>£46,745.50</b>	<b>£46,745.50</b>	
Administration and Planning								
Appointment	5.9	2.5	0.0	7.8	1.1	17.3	£4,982.50	£288.01
Bonding	0.0	0.0	0.0	0.0	0.3	0.3	£30.00	£100.00
Strategy and case review	3.2	2.1	0.0	3.4	0.0	8.7	£2,906.50	£299.60
Compliance / diary lines / checklists	0.5	0.2	0.0	0.2	0.2	1.1	£322.50	£293.18
Travel	0.0	0.0	0.0	4.6	0.0	4.6	£828.00	£180.00
Filing	0.0	0.0	0.0	2.1	0.4	2.5	£417.50	£167.00
Pension Scheme	0.0	0.0	0.0	1.4	0.3	1.7	£280.50	£165.00
Statutory Filing and Advertising	0.0	0.0	0.0	1.9	0.0	1.9	£342.00	£180.00
General post-appointment matters	0.0	0.0	0.0	5.0	0.0	5.0	£900.00	£180.00
Post-appointment taxation	0.3	0.0	1.0	6.2	0.0	7.5	£1,482.50	£195.00
Receipts and Payments	0.4	0.3	0.0	2.0	5.6	8.3	£1,190.50	£143.43
Shareholders/Director/Debtor/ Bkpt	5.2	0.9	0.0	4.9	1.6	12.6	£3,432.50	£272.42
Statement of Affairs	0.0	1.5	0.0	4.0	0.0	5.5	£1,207.50	£219.55
<b>Totals</b>	<b>15.5</b>	<b>7.5</b>	<b>1.0</b>	<b>43.5</b>	<b>9.5</b>	<b>77.0</b>	<b>£18,002.50</b>	<b>£233.80</b>
Investigations								
Investigations/CDDA	0.3	2.6	17.5	9.6	0.0	30.0	£6,632.00	£221.07
<b>Totals</b>	<b>0.3</b>	<b>2.6</b>	<b>17.5</b>	<b>9.6</b>	<b>0.0</b>	<b>30.0</b>	<b>£6,632.00</b>	<b>£221.07</b>
Realisation of Assets								
Intercompany tax debtor	0.0	0.0	3.2	0.0	0.0	3.2	£720.00	£225.00
Barclaycard Payments	0.0	0.0	0.0	3.9	0.0	3.9	£702.00	£180.00
Chattels	0.0	0.3	0.0	1.0	0.0	1.3	£277.50	£213.46
Debtors & sales finance	0.0	0.0	0.0	1.3	0.0	1.3	£234.00	£180.00
Land and Property	0.0	0.0	0.0	0.1	0.0	0.1	£16.00	£160.00
<b>Totals</b>	<b>0.0</b>	<b>0.3</b>	<b>3.2</b>	<b>6.3</b>	<b>0.0</b>	<b>9.8</b>	<b>£1,949.50</b>	<b>£198.93</b>
Creditors								
1st creditors/shareholders meetings and reports	2.0	8.9	0.0	15.0	0.0	25.9	£6,402.50	£247.20
Reviewing tax paid by co for potential terminal loss relief claim	0.0	3.9	0.0	0.0	0.0	3.9	£1,267.50	£325.00
Secured Creditors	0.0	2.0	0.0	3.3	0.0	5.3	£1,244.00	£234.72
Unsecured Creditors	0.5	5.3	0.0	6.2	1.3	13.3	£3,164.50	£237.93
<b>Totals</b>	<b>2.5</b>	<b>20.1</b>	<b>0.0</b>	<b>24.5</b>	<b>1.3</b>	<b>48.4</b>	<b>£12,078.50</b>	<b>£249.56</b>
Case Specific Matters								
Legal Matters	4.5	7.4	0.0	20.5	1.7	34.1	£8,083.00	£237.04
<b>Totals</b>	<b>4.5</b>	<b>7.4</b>	<b>0.0</b>	<b>20.5</b>	<b>1.7</b>	<b>34.1</b>	<b>£8,083.00</b>	<b>£237.04</b>

## NOTES TO APPENDIX G

### JOINT ADMINISTRATORS' TIME COST ANALYSIS

**a) Administration and Planning**

This includes dealing with the commencement of the case administration, together with day-to-day case administration duties, maintenance of records and ongoing statutory obligations. These include but are not limited to handling receipts and payments, VAT and Corporation tax issues, pension queries and general correspondence. Other matters which are required to be dealt with as part of the appointment and which will fall under this heading include case planning and strategy, case reviews, bonding, maintenance and obtaining books and records, general meetings / correspondence, statutory and other advertising, insurance, re-directed mail, and statutory reports.

**b) Investigations**

Where appropriate this will include such matters as investigation of pre-appointment transactions in accordance with the relevant Statement of Insolvency Practice (SIP 2), and the investigation of any potential antecedent transactions such as transactions at under value and preferences which may result in legal action resulting in a recoverable asset.

In this instance time costs in this category will also include our investigations into the conduct of the Directors and the associated report to DBIS, the interrogation of the intercompany transactions and dealing with the general conduct of the Administration.

**c) Realisation of Assets**

This includes dealing with all aspects of the realisation of assets including identifying, securing and insuring assets, and (where applicable), property, business and asset sales, retention of title claims and debt collection. Other matters dealt with during the case administration which will relate to asset realisation may commonly include effecting disclaimers, dealing with landlords, liaising with agents, undertaking inventories, meetings with purchasers / Directors, arranging collection of leased assets, obtaining insurance, pursuing antecedent claims identified as part of the investigation work set out above. Details of the specific asset realisation work undertaken on this case are set out in the main body of the report. Asset realisation is considered to be a key aspect of the case administration.

**d) Creditors**

Queries from and correspondence with creditors and employees have been necessary aspects of the case administration process. Reports to creditors are also an important part of ongoing matters relating to this aspect of the case.

**e) Case Specific Matters**

Any case specific matters will generally be set out in the body of the report but will commonly include meetings, correspondence and telephone calls relating to specific issues in the case which do not fall into any the categories set out above and are specific to the case in question. This may include work done in relation to litigation, general advice or other major issues.

The report highlights the additional work placed upon us in dealing with both the validity of our appointment and the qualifying floating charge and the third party assets order, which you will note from the summary of the costs, included at Appendix G accounts for some £24,331 of the total costs incurred up to 14 January 2012.

**APPENDIX H**

**ANALYSIS OF PRE-ADMINISTRATION COSTS**

<b>Pre-Administration Costs Charged / Incurred</b>			
<b>Name</b>	<b>£</b>		
	<b>Charged / Incurred</b>	<b>Unpaid</b>	<b>Approved</b>
<b>Administrators' Fees &amp; Disbursements</b>	1,535	0	1,535
<b>Administrators' Expenses</b>	9	0	9
<b>Fees charged (by another Insolvency Practitioner)</b>			
<b>Expenses incurred (by another Insolvency Practitioner)</b>			
<b>Total</b>	1,544	0	1,544