

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company Sarah Arnett Limited	Company number 04392904
In the High Court of Justice, Chancery Division, Companies Court, London [full name of court]	Court case number 596/2009

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

I / We (a) Cameron Frazer Gunn, ReSolve Partners LLP,One America Square, Crosswall, London EC3N 2LB

* Delete as applicable

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

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

(b) Insert date

(b) 11 March 2009Signed ~~Joint / Administrator(s)~~Dated 11 March 2009

Contact Details:

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

ReSolve Partners LLP	
One America Square, Crosswall, London EC3N 2LB	
	Tel 020 7702 9775
DX Number	DX Exchange

THURSDAY



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12/03/2009
COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

**Sarah Arnett Limited
In Administration**

**Administrator's Report and Proposals to Creditors
pursuant to Paragraph 49 of Schedule B1
to the Insolvency Act 1986**

Sarah Arnett Limited - In Administration
Report to Creditors
11 March 2009

Names of Administrator:	Cameron Frazer Gunn
Address of Administrator:	ReSolve Partners LLP One America Square Crosswall London EC3N 2LB
Date of appointment:	20 January 2009
Date of report:	11 March 2009
Appointed by:	The Directors
Court:	High Court of Justice, Chancery Division, London
Court reference:	596 of 2009

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1 INTRODUCTION

- 1.1 I, Cameron Frazer Gunn of ReSolve Partners LLP, was appointed Administrator of Sarah Arnett Limited (SAL or the Company) on 20 January 2009 by the directors of the Company (the Directors) pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986 (the Act).
- 1.2 This report to creditors and the proposals enclosed together set out the information required by, and to discharge my duties, pursuant to Paragraph 49 of Schedule B1 of the Act and Rule 2.33(1) and (2) of the Insolvency Rules 1986 (as amended) (the Rules).
- 1.3 This report sets out the circumstances leading up to the Administration and the steps taken by me to date.

2 BACKGROUND AND EVENTS LEADING UP TO THE ADMINISTRATION

- 2.1 SAL was incorporated on 12 March 2003 as Simultane Limited and commenced trading in March 2003. On 5 December 2006, the Company rebranded and changed its name to Sarah Arnett Limited.
- 2.2 The business specialises in women's ready-to-wear fashion and bridal wear.
- 2.3 In 2007, the Company started factoring its debtors through Close Invoice Finance Limited (Close) and it also raised additional finance with FSE Loan Management Limited (FSE). Additional shareholder/business angel finance was raised in mid-2006.
- 2.4 With additional finance in place the Company was able to invest in its business thus increasing turnover to £906,195. 2008 revenues also grew at a strong rate and the Company had been on track to exceed its sales target of £1 million for the year ending 31 March 2009.
- 2.5 However the Company found itself under significant cashflow pressure due to a recent decrease in retail spending caused by the credit crunch. In an attempt to restructure the Company, SAL closed its Brighton shop in October 2008 and moved its bridal direct wholesale to London in an attempt to reduce the Company's overheads.
- 2.6 A summary of recent trading results is as follows:

	31-Mar-06	31-Mar-07	31-Mar-08	31-Oct-08
	Unaudited	Unaudited	Draft	Draft
	12 mths	12 mths	12 mths	7 mths
	£	£	£	£
Profit and loss				
Revenue	248,354	853,149	906,195	591,345
Cost of revenue	(248,314)	(835,181)	(599,356)	(525,157)
Gross profit	40	17,968	306,839	66,188
Gross margin	0%	2%	34%	11%
Administrative expenses	(155,107)	(504,557)	(639,426)	(175,383)
Operating profit/(loss)	(155,067)	(486,589)	(332,587)	(109,195)
Non operating & exceptional items	(11,562)	(19,260)	(30,298)	(17,673)
Profit/(loss) before taxation	(166,629)	(505,849)	(362,885)	(126,868)

- 2.7 In December 2008, the Company's cashflow deteriorated to the extent that it was unable to meet ongoing liabilities to its creditors. Advice was sought and it became apparent that the Company was unable to continue trading without considerable further investment from its shareholders.

- 2.8 Without the ongoing financial support of the shareholders and the inability of the Company to raise additional third party funding, the Directors resolved that Sarah Arnett Limited could not continue to trade without entering into some form of insolvency procedure and, on 16 January 2009, resolved to place the Company into Administration pursuant to Paragraph 22 of Schedule B1 of the Act. All three secured creditors consented to my appointment and I took office as Administrator on 20 January 2009.

3 THE STATUTORY OBJECTIVES OF ADMINISTRATION

- 3.1 Pursuant to Paragraph 3 of Schedule B1 to the Insolvency Act 1986, administrators must perform their functions with the objective of either:

- 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 to be 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.

- 3.2 I believe that I have been successful in achieving objective (b) above as the Administration has resulted in better realisations than would have been made in a liquidation.

4 PROGRESS OF THE ADMINISTRATION TO DATE

- 4.1 Following my appointment as Administrator, the merits of continuing to trade were considered. However, in light of the Company's position and lack of cash, it was determined that it would not be feasible to continue to trade in Administration.

4.2 Valuation of assets

- 4.2.1 Edward Symmons LLP (ES) was engaged to provide me with a valuation of the Company's assets (including stock), on my appointment.

- 4.2.2 ES prepared a valuation and report on the assets of the Company in administration, including all stock. A summary of ES's valuation report is as follows:

	Market Value as a whole in its working place £	Market Value for its removal (28 day disposal period) £
Office Furniture & Equipment	4,500	1,250
Stock & work in progress/customer orders	35,000	Nil
	39,500	1,250

- 4.2.3 There was a potential dispute over ownership of approximately €168,928 of stock/work in progress located at Mayor Fashion Limited's (Mayor) premises. The provider of the fabrics (Tessitura Serica di Drezzo SRL) and Mayor were owed outstanding monies in relation to these and previous orders and accordingly these companies had a potential retention of title claim or the ability to express a lien over the goods. There was minimal stock located at the Company's head office. This obviously impacted on the realisable value of these goods in the administration.

4.3 Sale of the business and certain assets

- 4.3.1 A limited marketing campaign of the business was undertaken. Direct approaches were made to a number of parties in the marketplace known to have an interest in the business or the sector in which it operated.
- 4.3.2 In total, 56 potential interested parties were contacted, out of which four parties returned a signed Non-Disclosure Agreement (excluding the directors). Information Memorandums were sent to these parties.
- 4.3.3 Only one offer was received the terms of which were as follows:
- 4.3.4 £32,000 payable as follows:
 - 4.3.4.1 £13,000 payable at completion, and
 - 4.3.4.2 Four equal instalments of £4,750 payable by no later than 13 March, 27 March, 27 April and 27 May 2009
- 4.3.5 The purchaser would become liable for all employee claims for those employees employed at the date of my appointment.
- 4.3.6 Having taken the advice from my agents ES, a firm of chartered surveyors and valuers, and on their recommendation, I completed a sale to SA Lifestyle Limited, a company with a common Director to SAL, on 17 February 2009.
- 4.3.7 The sale was in excess of the forced-sale/liquidation value of the Company's assets and was made with the support and backing of the Company's three secured creditors.

4.4 Fixed book debts

- 4.4.1 Close Invoice Finance Limited has a fixed charge over the book debts and a floating charge on all other assets of the Company. Close expect to be repaid in full from their fixed charge over the Company's book debts. The excess book debts are expected to be minimal, if any at all.

5 STATEMENT OF AFFAIRS

- 5.1 In accordance with Paragraph 47 of Schedule B1 to the Act, I requested the Directors provide me with a statement of the affairs of the Company which has now been received. A copy is attached at **Appendix II**.
- 5.2 The statutory format for the statement of affairs makes no allowances for the costs of the insolvency procedure and costs of realising the assets, and therefore cannot be relied on for an indication of the likely level of distribution to creditors.

6 RECEIPTS AND PAYMENTS

- 6.1 A receipts and payments account is enclosed at **Appendix III** for your information.

7 DIVIDEND PROSPECTS

7.1 The Prescribed Part

7.1.1 Pursuant to Section 176A of the Act, where a floating charge is created after 15 September 2003 a "Prescribed Part" of the Company's net property shall be made available to unsecured creditors. Such a fund will not apply should the Company's net property amount to less than £10,000 and the Administrator considers that the cost of making such a distribution would be disproportionate to the benefits. The Prescribed Part is calculated at 50 per cent of net realisations up to £10,000 and 20 per cent of the property that exceeds this amount.

7.1.2 In respect of Sarah Arnett Limited the following debentures were granted in favour of:

7.1.2.1 HSBC Bank Plc, created on 27 September 2002

7.1.2.2 Close Invoice Finance Limited (Close), created on 28 March 2007, and

7.1.2.3 FSE Loan Management Limited, created on 18 September 2007

7.1.3 As the creation of the charges for Close and FSE follow the commencement of the provisions of Section 176A of the Act, I am required to set aside a "Prescribed Part" fund specifically for unsecured creditors.

7.1.4 However, it is anticipated that there will be insufficient net realisations in the Administration for me to consider making a Prescribed Part dividend to creditors of this Company.

7.2 Dividend to unsecured creditors in general

7.2.1 Based on present information, there will be insufficient funds available in the Administration to pay a dividend to the unsecured creditors of the Company.

8 EC REGULATION

8.1 EC Regulations apply and these proceedings are main proceedings as defined in Article Three of the EC Regulation. The centre of main interest of the Company is in England within the EC.

9 ADMINISTRATOR'S REMUNERATION

9.1 In accordance with Rule 2.106 of the Insolvency (Amendment) Rules 2003, it is proposed that the basis upon which my remuneration should be fixed be by reference to the time properly spent by me and my staff in attending to matters arising in the Administration.

9.2 My firm's time costs for the period 20 January 2009 to 6 March 2009 in respect of the Administration of Sarah Arnett Limited total £38,800.45. This excludes any time costs incurred by ReSolve Partners LLP in placing the Company into Administration.

9.3 A schedule of these time costs is set out at **Appendix IV**, and a Creditor's Guide to Administrators' Fees in accordance with Statement of Insolvency Practice 9 is reproduced at **Appendix V**.

9.4 I will request approval of my time costs from the Company's creditors.

10 ADMINISTRATOR'S PROPOSALS

10.1 Pursuant to Paragraph 49 of Schedule B1 of the Act, enclosed with this report at **Appendix VI** are my proposals for achieving the purpose of the Administration.

11 CREDITORS' MEETING

- 11.1 It is the intention of the Administrator to hold the initial creditors' meeting pursuant to Paragraph 51 of Schedule B1 of the Act through correspondence in accordance with Paragraph 58 of Schedule B1 to the Insolvency Act 1986.
- 11.2 Enclosed with this report at **Appendix VI** are the Administrator's Proposals, at **Appendix VII** Form 2.20B notice of meeting and at **Appendix VIII** Form 2.25B detailing the resolutions upon which the creditors are requested to vote. These notices, together with the attached proof of debt form (**Appendix IX**), should be returned to my office no later than 12 noon on 26 March 2009.
- 11.3 This meeting by correspondence is to consider and approve (or otherwise) the Administrator's Proposals. Creditors may cause the Administrator to summon an actual creditors meeting provided that:
- 11.3.1 At least ten per cent of the creditors, measured against the Company's total debts, request a meeting, and
- 11.3.2 The request is made on Form 2.21B (available upon request) and made within 12 days of the date of this document. It must also include a list of the creditors concurring with the request, showing the amounts of their respective debts, and confirmation of concurrence.
- 11.4 Please note that the expenses of summoning and holding the meeting shall be paid by that creditor, in advance of the meeting.

12 ADMINISTRATOR'S INVESTIGATIONS

- 12.1 Under the insolvency legislation, I have a duty to consider the conduct of those who have been directors of the Company at any time within the three years preceding the Administration. I am also required to consider whether any civil proceedings should be taken. Please advise me if there is any matter which you believe I should be made aware of when considering the Directors' conduct. Please note that this request for any information forms part of the Administrator's normal investigation proceedings and does not imply any wrongdoing.

13 END OF THE ADMINISTRATION

- 13.1 The options available to exit the Administration are:
- a) Petition the Court to have the Company compulsorily wound up
 - b) File the necessary documentation to have the Company placed into Creditors' Voluntary Liquidation
 - c) Call a meeting of creditors to place the Company into a Company Voluntary Arrangement
 - d) Return control of the Company to its Directors, or
 - e) Apply to have the Company dissolved (ie struck off at Companies House).
- 13.2 As there is insufficient property of the Company to enable a distribution to unsecured creditors, it is not appropriate for the matter to proceed to Liquidation. It is therefore proposed that once all the Company's assets have been realised and the expenses of the Administration discharged, the Company shall be dissolved.
- 13.3 In accordance with Rule 2.33(2) (m), and upon completion of the finalisation of the Administrator's investigation into the affairs of the Company, I will seek my discharge by lodging a Final Notice to the Registrar of Companies. The Company will subsequently be dissolved three months after the aforementioned notice is received by the Registrar, unless challenged.
- 13.4 In the event, however, that matters are identified during the course of my investigations which warrant the appointment of a Liquidator then I will seek to place the Company into Creditors' Voluntary Liquidation with I, Cameron Gunn, being appointed Liquidator.

Sarah Arnett Limited - In Administration
Report to Creditors
11 March 2009

- 13.5 Enclosed with this report are the Administrator's Proposals, which include at proposal (b) that Cameron Frazer Gunn of ReSolve Partners LLP be the proposed Liquidator of the Company.

14 OTHER MATTERS

- 14.1 Should any creditor have any information concerning the Company's affairs which they would like to bring to my attention, please do so in writing to my colleague Craig Morgan of ReSolve Partners LLP, One America Square, Crosswall, London, EC3N 2LB.

Yours faithfully
For and on behalf of
Sarah Arnett Limited



Cameron Gunn
Administrator

Partners and staff acting as administrators, administrative receivers or supervisors act as agents of the company over which they are appointed at all times, and without personal liability
Cameron Gunn is licensed by the Institute of Chartered Accountants in England and Wales

APPENDIX I

SUMMARY OF STATUTORY INFORMATION

SUMMARY OF STATUTORY INFORMATION – SARAH ARNETT LIMITED

Company Name: Sarah Arnett Limited

Previous Name: Simultane Limited

Company Number: 04392904

Date of Incorporation: 12 March 2003

Trading Address: 52 Ship Street
Brighton
East Sussex
BN1 1AF

Registered Office: C/o ReSolve Partners LLP
One America Square
Crosswall, London EC3N 2LB

Previously:

52 Ship Street
Brighton
East Sussex
BN1 1AF

Principal Activity: Manufacture of other Outerwear – per Companies House records

Appointment details

Date of Appointment: 20 January 2009

Appointment made by: Directors of the Company

Court Address: High Court of Justice, Chancery Division, Companies Court, London

Court Reference: 596/2009

Administrator Appointed: Cameron Gunn IP Number: 1468

Directors and Shareholders

Company Directors: Sarah Arnett
Simon Beales

Company Secretary: Simon Beales

Sarah Arnett Limited - In Administration
Report to Creditors
11 March 2009

Shareholders	Number of Shares
Simon Beales	100,000
Sarah Arnett	100,000
John Alexander	10,000
Salle Leeson	23,000
Tessa Laws	14,136
Tara Lindstedt	5,000
Christopher Barrat	14,136
Anthony Lewis	14,136
Richard Hargreaves	56,000
Tamsin Lion	12,000
ARC Growth Company VCT PLC	146,666
Alan Stevens	19,333
Richard Lewin	40,000
Paul Curtis	9,654
Matthew Broadbent	19,309
Chris Evans	24,136
Share Nominees Limited	104,430
Minerva Trustees Limited	14,640
Kaupthing Bank Luxembourg SA	97,598
Endeavour Ventures Limited	30,893
Simon Noakes	3,500
Jennifer Noakes	3,500
John Cooper	10,000
Jeremy Bailey	20,000
Total	892,067

Summary of charges

Description	Person entitled	Created	Registered
Debenture	HSBC Bank Limited	27-Sep-02	03-Oct-02
Charge on non vesting book debts and floating charge on all other assets	Close Invoice Finance Limited	29-Mar-07	31-Mar-07
Debenture	FSE Loan Management Limited	18-Sep-07	20-Sep-07

APPENDIX II

STATEMENT OF AFFAIRS

Statement of Affairs

Statement as to the affairs of

(a) Insert full name of
Company

Sarah Arnett Limited, registration number 04392904

(b) Insert date

as at 20 January 2009 the date the Company entered into administration

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at 20 January 2009 the date that the company entered administration.

(c) The attached pages should
set out the details referred to in
Rule 1.97(2) and 1.39(4)

Signed

Director

(d) Delete as applicable

Signed

Director/Secretary (d)

Date

8/03/09

A - Summary of Assets

Assets

Assets subject to fixed charge:

TRADE DEBTORS

Book Value £	Estimated to Realise £
-----------------	---------------------------

£25,128.97

£10,761.97

Total assets subject to fixed charge

£10,761.97

Less amounts owing under fixed charge to CLOSE SALES

£10,761.97

£10,761.97

Assets subject to fixed charge

Assets subject to a Floating Charge:

OFFICE EQUIPMENT

STOCK & W.I.P

OTHER

£14,016

£1997

£113,376

£33,000

7-3

£127,392

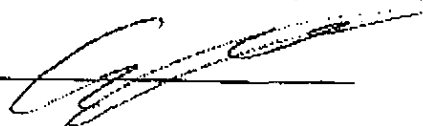
£35,000

Assets subject to floating charges

Estimated total assets available for preferential creditors

Signature

Date:



Summary of liabilities

Estimated to Realise
£

Estimated total assets available for preferential creditors
(carried from page A)

Preferential creditors:

35,000

Preferential Creditors

Total Preferential Claims

Estimated (deficiency)/surplus as regards preferential creditors

35,000

Estimated prescribed part of net property where applicable (to carry forward)

(10,000)

Estimated total assets available for floating charge holders

25,000

Debts secured by floating charges (brought forward from fixed charge shortfall)

HSC 64,843.79

FSE 36,666.64

Estimated (deficiency)/surplus of assets after floating charges

(101,510.43)

(76,510.43)

Estimated prescribed part of net property where applicable (brought down)

Total assets available to unsecured creditors

Unsecured claims

Unsecured creditors (exc. any shortfall to floating charge holders)

(445,982.76)

Estimated surplus / (deficiency) as regards non-preferential creditors

(522,493.14)

Issued and called up capital

(913.07)

(903,739)

Estimated total (deficiency) / surplus as regards members

(1,427,145.26)

Signature

Date

08/03/09

Date: 10/03/2009
Time: 09:57:06

Sarah Arnett Limited
Aged Creditors Analysis (Summary)

Page: 1

Report Date: 10/03/2009
Include Future Transactions: No
Exclude Later Payments: No

Supplier From: 15-000000
Supplier to:

** NOTE: All report values are shown in Base Currency, unless otherwise indicated **

ACC	Name	Credit Limit	Turnover	Balance	Future	Current	Period 1	Period 2	Period 3	Other
ABSOLUT	Absolute Brighton TV	£ 0.00	0.00	117.50	0.00	0.00	0.00	0.00	0.00	117.50
ABSOLUTE	Absolute Media Magazines	£ 0.00	0.00	-4.10	0.00	0.00	0.00	0.00	0.00	-4.10
ACALIT	AC Alterations	£ 0.00	42.00	16.00	0.00	0.00	0.00	0.00	0.00	16.00
ADT	ADT Fire and Security Plc	£ 0.00	163.78	17.54	0.00	0.00	0.00	0.00	0.00	17.54
ADVANCE	Advanced Cargo Systems Ltd	£ 0.00	246.67	246.67	0.00	0.00	0.00	0.00	0.00	246.67
ALLEGRA	Allegro Licks Ltd	£ 0.00	4,170.31	1,932.03	0.00	0.00	0.00	0.00	0.00	1,932.03
AMARYLL	Amaryllus Flowers & Plants Ltd	£ 0.00	1,118.00	820.15	0.00	0.00	0.00	0.00	0.00	820.15
ANGIEG	Angie Goodenham Ltd	£ 0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ANNLOUIS	Aun Louise Roswold Ltd	£ 0.00	2,754.05	980.00	0.00	0.00	0.00	0.00	0.00	980.00
ARENA	Arena CPH ApS	£ 0.00	0.00	736.40	0.00	0.00	0.00	0.00	0.00	736.40
B&HBCRP	Brighton & Hove Business Centre	£ 0.00	0.00	82.25	0.00	0.00	0.00	0.00	0.00	82.25
BALI	W O Ball Ltd	£ 0.00	0.00	613.08	0.00	0.00	0.00	0.00	0.00	613.08
BELIE	Belle & Unity	£ 0.00	2,102.46	2,470.40	0.00	0.00	0.00	0.00	0.00	2,470.40
BENNETT	L K Bennett	£ 0.00	0.00	17.63	0.00	0.00	0.00	0.00	0.00	17.63
BENNETTS	Bennett Silks Ltd	£ 0.00	6,546.49	2,123.19	0.00	0.00	0.00	0.00	0.00	2,123.19
BLACKLAN	Blacklands Rice	£ 0.00	70.00	82.26	0.00	0.00	0.00	0.00	0.00	82.26
BLUSH	Blush B - Lash	£ 0.00	1,948.09	2,289.00	0.00	0.00	0.00	0.00	0.00	2,289.00
BOSSMODE	BOSS MODE MANAGEMENT	£ 0.00	263.50	275.75	0.00	0.00	0.00	0.00	0.00	275.75
BRICRAFT	Brighton Craft Fair	£ 0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	100.00
BUCKLES	Buckles Solicitors LLP	£ 0.00	1,224.00	1,438.20	0.00	0.00	0.00	0.00	0.00	1,438.20
BULLFICO	Bullit Courier Company	£ 0.00	5,191.93	1,756.72	0.00	0.00	0.00	0.00	0.00	1,756.72
BURROWS	R E Burrows Ltd	£ 0.00	0.00	173.50	0.00	0.00	0.00	0.00	0.00	173.50
BUSYBEES	Busy Bees	£ 0.00	263.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BUTTONOL	The Button Queen Ltd	£ 0.00	0.00	385.87	0.00	0.00	0.00	0.00	0.00	385.87
CARDIGAN	Cardigan Limited	£ 0.00	0.00	-70.92	0.00	0.00	0.00	0.00	0.00	-70.92
CAVENDIS	Cavendish Maintenance Ltd	£ 0.00	863.02	-175.64	0.00	0.00	0.00	0.00	0.00	-175.64
CHULTERN	Chillam Street Studios Limited	£ 0.00	34,279.31	40,401.11	0.00	0.00	0.00	0.00	0.00	40,401.11
CIMENT	F Ciment (Presting) Ltd	£ 0.00	672.00	446.54	0.00	0.00	0.00	0.00	0.00	446.54
CLARKSON	Kate Clarkson	£ 0.00	4,332.46	-22.00	0.00	0.00	0.00	0.00	0.00	-22.00
COCOON	Cocoon	£ 0.00	954.01	737.64	0.00	0.00	0.00	0.00	0.00	737.64
COMMODE	Commode Limited	£ 0.00	619.97	217.74	0.00	0.00	0.00	0.00	0.00	217.74
CREMALL	Cremallera Rubi SA	£ 0.00	1,295.78	781.13	0.00	0.00	0.00	0.00	0.00	781.13
DREZZO	Tesitura Soria di Drezzo srl	£ 0.00	199,103.25	242,596.73	0.00	0.00	0.00	0.00	0.00	242,596.73
EEF	EEF Limited	£ 0.00	400.00	470.00	0.00	0.00	0.00	0.00	0.00	470.00
ELEYKOSH	Eley Kishimoto Apparel Ltd	£ 0.00	512.59	87.89	0.00	0.00	0.00	0.00	0.00	87.89
ELLISAND	Ellis and Partners	£ 0.00	29,681.90	10,593.54	0.00	0.00	0.00	0.00	0.00	10,593.54
ENDEAVO	Endeavour Ventures Limited	£ 0.00	0.00	20,562.00	0.00	0.00	0.00	0.00	0.00	20,562.00
FAYFLYER	Fat Flyers Limited	£ 0.00	155.00	155.00	0.00	0.00	0.00	0.00	0.00	155.00
FILIPPAS	Filippa Scott Ltd	£ 0.00	3,336.64	3,910.06	0.00	0.00	0.00	0.00	0.00	3,910.06
FOXGLOVE	Foxglove Events Ltd	£ 0.00	4,735.51	2,177.74	0.00	0.00	0.00	0.00	0.00	2,177.74
GAS	British Gas	£ 0.00	210.66	-511.56	0.00	0.00	0.00	0.00	0.00	-511.56
GEORGE	George Baker Insurance Brokers	£ 0.00	29.30	29.30	0.00	0.00	0.00	0.00	0.00	29.30
GOUDERH	Angie Goodenham Ltd	£ 0.00	183.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GRADE	Grade Line	£ 0.00	1,451.01	2,283.47	0.00	0.00	0.00	0.00	0.00	2,283.47
GRANT	Judith Grant	£ 0.00	21,690.00	3,870.00	0.00	0.00	0.00	0.00	0.00	3,870.00
HAVEN	Haven Security Limited	£ 0.00	448.00	438.28	0.00	0.00	0.00	0.00	0.00	438.28
HAZLEMS	Hazlema Fenton	£ 0.00	4,060.00	4,780.00	0.00	0.00	0.00	0.00	0.00	4,780.00
HENRYHICK	Henry Hickford	£ 0.00	17,470.53	10,644.85	0.00	0.00	0.00	0.00	0.00	10,644.85
IANPARSO	Ian Parsons Photography	£ 0.00	1,587.50	1,065.31	0.00	0.00	0.00	0.00	0.00	1,065.31
ISSA	Issa Couture Limited	£ 0.00	0.00	929.40	0.00	0.00	0.00	0.00	0.00	929.40
IZODEVAN	Izod Evans Solicitors	£ 0.00	965.50	1,134.47	0.00	0.00	0.00	0.00	0.00	1,134.47
JANDA	Janda Digital Limited	£ 0.00	556.50	370.30	0.00	0.00	0.00	0.00	0.00	370.30
JEREMYKN	JEREMY KNIGHT	£ 0.00	487.50	572.81	0.00	0.00	0.00	0.00	0.00	572.81
JESSGROV	Jessgrove Limited	£ 0.00	2,177.22	924.35	0.00	0.00	0.00	0.00	0.00	924.35
JTKNIT	J T Knitting Ltd	£ 0.00	0.00	1,057.07	0.00	0.00	0.00	0.00	0.00	1,057.07
KARENCO	Karco Cole Limited	£ 0.00	2,492.00	1,875.41	0.00	0.00	0.00	0.00	0.00	1,875.41
LATEST	Latest Homes Ltd	£ 0.00	300.00	352.50	0.00	0.00	0.00	0.00	0.00	352.50
LOIS	Lois Merchant Systems Ltd	£ 0.00	0.00	-963.96	0.00	0.00	-192.79	-192.79	-192.79	-963.96
MAGPIE	Magnie Recycling Co-operative	£ 0.00	337.40	252.53	0.00	0.00	0.00	24.86	34.17	193.50
MARSHALL	Larry Marshall	£ 0.00	330.00	117.00	0.00	0.00	0.00	0.00	117.00	0.00
MAYFAIRV	Mayfair Valley Pashmina	£ 0.00	79.00	272.02	0.00	0.00	0.00	0.00	0.00	272.02
MCEWEN	McEwen Parkinson	£ 0.00	0.00	352.25	0.00	0.00	0.00	0.00	0.00	352.25
MINI	Mini International Ltd	£ 0.00	1,472.82	84.62	0.00	0.00	0.00	0.00	0.00	84.62
MISAHARA	Misahara Millinery	£ 0.00	204.37	27.65	0.00	0.00	0.00	0.00	0.00	27.65
MOBUS	Modus Millinery	£ 0.00	1,991.08	528.71	0.00	0.00	0.00	0.00	0.00	528.71
MORPLAN	Morplan Ltd	£ 0.00	819.32	334.23	0.00	0.00	0.00	0.00	0.00	334.23

[Signature] 02/03/09

Date: 10/03/2009

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Sarah Arnett Limited

Page: 2

Aged Creditors Analysis (Summary)

ACC	Name	Credit Limit	Turnover	Balance	Future	Current	Period 1	Period 2	Period 3	Other
NILDRAM	Nildram Limited	£ 0.00	0.00	29.49	0.00	0.00	0.00	0.00	0.00	29.49
NILORN	Nilorn Ltd	£ 0.00	494.00	580.47	0.00	0.00	0.00	0.00	0.00	580.47
O2	O2 mobile phone	£ 0.00	0.00	-121.79	0.00	0.00	0.00	-66.93	-54.86	0.00
OCEANME	Ocean Media Events Ltd	£ 0.00	6,908.80	1,403.00	0.00	0.00	0.00	0.00	0.00	1,403.00
ORANGE	Orange	£ 0.00	855.39	-0.81	0.00	0.00	0.00	-0.81	0.00	0.00
OSOMI	Osomi	£ 0.00	1,617.50	87.50	0.00	0.00	0.00	0.00	87.50	0.00
PATRICK	Patrick Associates Ltd	£ 0.00	4,600.00	5,640.00	0.00	0.00	0.00	0.00	0.00	5,640.00
PERFECT	Perfect Back Up	£ 0.00	510.00	299.64	0.00	0.00	0.00	0.00	0.00	299.64
PHOENIX	Phoenix International Limited	£ 0.00	0.00	1,326.09	0.00	0.00	0.00	0.00	0.00	1,326.09
PITNEY	Pitney Bowes	£ 0.00	1,735.63	259.19	0.00	0.00	0.00	0.00	259.19	0.00
PONGEES	Pongees Ltd	£ 0.00	3,134.97	1,417.05	0.00	0.00	0.00	0.00	1,015.49	391.56
POWERNET	Powernet Products (UK) Ltd	£ 0.00	954.75	139.53	0.00	0.00	0.00	0.00	0.00	139.53
PRINTE	Print Unlimited (Euro)	£ 0.00	12,592.56	6,805.21	0.00	0.00	0.00	0.00	0.00	6,805.21
PROTEX	Protex	£ 0.00	140.00	-70.50	0.00	0.00	-23.50	-23.50	-23.50	0.00
SARABERN	Sara Bernam	£ 0.00	1,620.84	1,006.40	0.00	0.00	0.00	0.00	0.00	1,006.40
SERENADE	Serenade Limited	£ 0.00	5,778.35	4,430.17	0.00	0.00	0.00	0.00	-129.65	4,300.82
SHARVILL	Jane Sharvill	£ 0.00	487.00	487.00	0.00	0.00	0.00	0.00	0.00	487.00
SILK	The Silk Bureau	£ 0.00	0.00	36,890.08	0.00	0.00	0.00	0.00	0.00	36,890.08
SOUTHERN	Southern Water	£ 0.00	327.06	327.06	0.00	0.00	0.00	0.00	0.00	327.06
STARGATE	Stargate Capital Management Ltd	£ 0.00	0.00	11,750.00	0.00	0.00	0.00	0.00	0.00	11,750.00
STRONG	Victoria Gubb	£ 0.00	6,692.14	608.00	0.00	0.00	0.00	0.00	0.00	608.00
TMF	TMF VAT Services Ltd	£ 0.00	0.00	313.27	0.00	0.00	0.00	0.00	0.00	313.27
TNT	TNT UK Limited	£ 0.00	793.32	133.78	0.00	0.00	0.00	0.00	74.77	59.01
TNTINTER	TNT International Limited	£ 0.00	217.94	54.18	0.00	0.00	0.00	0.00	0.00	54.18
TRURO	Truro Fabrics	£ 0.00	54.95	54.95	0.00	0.00	0.00	0.00	0.00	54.95
UKFASHIO	UK Fashion Exports	£ 0.00	460.00	615.28	0.00	0.00	0.00	0.00	0.00	615.28
VANDEBIE	Van Den Heuvel - Willuys	£ 0.00	1,206.82	1,206.82	0.00	0.00	0.00	0.00	0.00	1,206.82
VODAFONE	Vodafone	£ 0.00	2,206.68	64.77	0.00	0.00	0.00	129.19	-19.99	-39.98
WATTWOK	W Attwood Ltd	£ 0.00	82.95	0.01	0.00	0.00	0.00	0.00	0.00	0.01
WERNICK	Lucy Wernick & Associates Ltd	£ 0.00	0.00	-0.40	0.00	0.00	0.00	0.00	0.00	-0.40
ZIKINI	Zikini Promotions & Model	£ 0.00	70.00	70.00	0.00	0.00	0.00	0.00	0.00	70.00
Totals:			421,072.34	446,094.30	0.00	0.00	-216.29	895.32	86,207.55	339,117.72

08/03/09

ABSOLTV Absolute Brighton TV	42 Wilbury Villas	Hove	East Sussex	BN3 6GD
ABSOLUTE Absolute Media Magazines	2 Bartholomews	Regents Arcade	Brighton	East Sussex BN1 1HG
ACALT AC Alterations	139 North Street	Brighton	BN1 1EB	
ADT ADT Fire and Security Pte	Compass House	North Harbour Business Park	Portsmouth	Hants PO6 4PS
ADVANCE Advanced Cargo Systems Ltd	First Floor	Cargo Terminal	London Luton Airport	Luton, Beds LU2 9LY
ALLEGRA Allegra Hicks Ltd	28 Cadogan Place	London	SW1X 9RX	
ANARYLLI Anaryllis Flowers & Plants Ltd	10 Upper Market Street	Hove	BN3 1AS	N1 8DP
ANILLOUS Ann Louise Roswald Ltd	The Toy Factory	11-13 Corsham Street	London	
ARENA Arena CPH Aps	Gronnegade 41 B	1107 Kobenhavn K	Denmark	
B&HBCRE Brighton & Hove Business Crime Reduction Partnership	8-11 Pavilion Buildings	Brighton	BN1 1EE	ST3 1JW
BALL W G Ball Ltd	Anchor Road	Longton	N7 9BT	
BELLE Belle & Bunty	45a Brecknock Road	London	W1G 0LB	Cheshire SK1 3HB
BENNETT L K Bennett	3 Cavendish Square	London	Stockport	TN34 2DN
BENNETTS Bennett Silks Ltd	Crown Royal Park	Higher Hillgate	East Sussex	BN2
BLACKLAW Blacklands Fire	35 St Helens Park Road	Hastings	East Sussex	M2 1HN
BLUSH Blush B - Lush	17 Cowfold Road	Brighton	MANCHESTER	BN3 1AN
BOSSMOD BOSS MODEL MANAGEMENT	HALF MOON CHAMBERS	CHAPEL WALKS	East Sussex	PE1 1NG
BRICRAFT Brighton Craft Fair	PO Box 73	Hove	Peterborough	RH15 8WD
BUCKLES Buckles Solicitors LLP	Grant House	101 Bourges Boulevard	West Sussex	
BULLITCO Bullit Courier Company	4 Upper Gardner Street	Brighton	BN1 4AN	
BURROWS R E Burrows Ltd	P O Box 145	Burgess Hill		
BUSYBEES Busy Bees				
BUTTONQ The Button Queen Ltd	19 Marybone Lane	London	W1U 2NF	East Sussex BN9 0BS
CAVENDISH Cavendish Maintenance Ltd	Cavendish House	New Road	Newhaven	
CHILTERN Chiltern Street Studios Limited	78B Chiltern Street	London	W1U 5AB	
CINEMT F CinemT (Pleasing) Ltd	18a Station Close	Potters Bar	Herts	EN6 2TL
CIRRUS Cirrus Laser Limited	65 Victoria Road	Burgess Hill	West Sussex	RH15 9LN
CLARKES Clarkes Stationers				
CLARKSON Kate Clarkson	Unit A10 Maritime Park	Pembroke Docks	Pembos	S Wales SA72 6UL
COCOON Cocoon	Unit 9	Nortonthorpe Mills	Scisset	Huddersfie HD8 9LA
COMMODE Commodities Limited	Kent House	Romney Place	Maldstone	Kent
CREMAIL Cremaileras Rubi SA	Trees d'Abri, 6	08191 Ruhl	Spain	
DREZZOE Tessitura Serica di Drezzo srl	22020 Drezzo (Como)	Via Como 305/1		
EEF EEF Limited	Station Road	Hook	Hants	RG27 9TL
ELEYKISH Eley Kishimoto Apparel Ltd	215 Lyham Road	London	SE2 5PY	
ELUSAND Ellis and Partners	Old Library House	4 Dean Park Crescent	Bournemouth	BN1 1LY
ENDEAVOR Endeavour Ventures Limited	18 - 20 St Andrew Street	London	EC4A 3AY	
FATFLYER Fat Flyers Limited	Unit 8 Dyke Road Mews	Dyke Road	Brighton	East Sussex BN1 3JD
FILIPPAS Filippa Scott Ltd	Reydon Grove Farm	Southwold	Suffolk	IP19 6SN
FOXGLOVE Foxglove Events Ltd	PO Box 28860	London	SW13 8WT	
GAS British Gas				
GEORGE George Baker Insurance Brokers	Richmond House	1 Richmond Parade	Brighton	BN2 9GB
GOODERH Angie Gooderham Ltd	A2 Metropolitan Wharf	Wapping Wall	London	EW 3SW
GRADE Grade Line	Unit 5B Tealdown Works	Cline Road	Bounds Green	London N11 2LX
GRANT Judith Grant	4 The Drive	Southwick	W Sussex	BN42 4RR
HAVEN Haven Security Limited	86 South Coast Road	Peacelhaven	East Sussex	BN10 8SL
HAZLEMS Hazlems Fenton	Palladium House	1 - 4 Argyll Street	London	W1F 7LD

Handwritten signature and date:
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ENRYBER Henry Bertrand	52 Holmes Road	London	NW5 3AB	Brighton	BN3 2PA
INPARSO Ian Parsons Photography	Whitepoint Studios	5 Kings News	3rd Avenue		
SSA Issa Couture Limited	122 Cheyne Walk	London	SW10 0ES		
ZODEVAN Izod Evans Solicitors	11 Southwark Street	London	SE1 1RQ		
ANDA Janda Digital Limited	17 Progress Business Park	Orders Lane	Kingham	Lancashire PR4 2TZ	
EREMYKN JEREMY KNIGHT	68 SHIP STREET	BRIGHTON	EAST SUSSEX	BN1 1AE	
ESSGROV Jessgrove Limited	Cross Lane Mills	Cross Lane	Bradford	BD7 3JT	
TKNIT J T Knitting Ltd	Dobroyd Mills	Jackson Bridge	New Mill	Holmfirth HD9 1AF	
ARENCO Karen Cole Limited	Vicarage House	58-60 Kensington Church Street	London	W8 4DB	
ATEST Latest Homes Ltd	Unit 1 Level 5 North	New England House	Brighton	BN1 4GH	
OIS Lobs Merchant Systems Ltd	1 Temple Bar Business Park	Strethgton	West Sussex PO18 0TU		
IAGPIE Magpie Recycling Co-operative Ltd	Shablat	Saunders Park Depot Lewes Road	BN2 4AY		
IARSHALI Lucy Marshall	31 Fulford Street	Manchester	W11 1QF		
IAYFAIRV Mayfair Valley Pashmina	Studio A Royalty Studios	105 Lancaster Road	Essex	CM9 4LA	
ICEWEN McEwen Parkinson	83 Wimpole Street	London			
IINI Mini International Ltd	ICS House	10-14 Hall Road			
IISAHARA Misaharada Millinery	141 All Souls Avenue	London			
IODUS Modus Publicity	10-12 Heddon Street	London			
IORPLAN Morplan Ltd	PO Box 54	Temple Bank	Essex	CM20 2TS	
IILDRAM Midram Limited	1 Triangle Business Park	Stoke Mandeville	HP22 5BD		
IILORN Nilorn Ltd	Acre Park	Dalton Lane	West York BD21 4JH		
ICEANIME Ocean Media Events Ltd	Bank House	23 Warwick Road	CV1 2BW		
ISOMI Osoomi	Studio 4	17 St Michaels Place	East Sussex BN1 3FT		
ATRICK Patrick Associates Ltd	Curtis House	34 Third Avenue	East Sussex BN3 2PD		
PERFECT Perfect Back Up	Fawcett House	Shirburn Lane	York YO26 8JT		
HOENIX Phoenix International Limited	Beverley Road	East Midlands Airport	Derby DE74 2SA		
ITNEY Pitney Bowes	Purchase Power	PO Box 6570	Essex	CM20 2SZ	
ONGEES Pongees Ltd	28 - 30 Hoxton Square	London			
OWERNE Powernet Products (UK) Ltd	Unit H6 Redwood Court	Tytherington Business Park	Cheshire SK10 2XH		
INTUNL Print Unlimited	Henfelsstraat	5961 PV Horst	Netherlands		
ROTEX Protex					
ARABERN Sara Berman	Unit 3 James Cameron House	12 Caesthaven Road	NW1 8QW		
ERENADE Serenade Limited	Unit 5	Aberdeen Studios	London N5 2EA		
HARVILL Jane Shriville	Sunnyside	11 Ladywell Road	West Sussex BN11 2LD		
ILK The Silk Bureau	1 Church Cottage	Ryden Lane	Worcs WR10 3LQ		
OUTHERI Southern Water	P O Box 41	Worthing	BN13 3NZ		
STARGATE Stargate Capital Management Ltd	4th Floor	17 St Helen's Place	EC3A 6DG		
STRONG Victoria Gubb	Flat 7	14 New Steine	BN2 1PB		
TMF TMF VAT Services Ltd	Dolphin House	2-5 Manchester St	East Sussex BN2 1TF		
TNT TNT UK Limited	P O Box 4	Ramsbottom	Lancashire BLD 9AR		
INTINTER TNT International Limited	PO Box 186	Ramsbottom	BL0 9GR		
TRURO Truro Fabrics	Lemon Quay	Truro	TR1 2LW		
JKFASHIO UK Fashion Exports	5 Portland Place	London			
JANDENHI Van Den Heuvel - Wallaeys	J. Van Ruusbroeckstraat 4	B-880 Roselare			
MODAFONI Vodafone	Millner Road	Chilton Industrial Estate	Suffolk CO10 2XG		
NATTWOX W Attwood Ltd	26 Radnor House	Harlands Road	West Sussex RH16 1LN		
ZIKINI Zikini Promotions & Model Management					

Graduated 04/04/04

Sarah Arnett Limited

Shareholders	Number of Shares	Percentage
Simon Beales	100,000	11.2% 14 Walpole Rd, Brighton BN2 0EA
Sarah Arnett	100,000	11.2% Flat 2, 33 York Avenue, Hove, BN3 1PJ
John Alexander	10,000	1.1% 42 Farm Avenue, London NW2 2BH
Sally Leeson	23,000	2.6% Flat 7, 46 Elm Park Gardens, London SW3 6AX
Tessa Laws	14,136	1.6% 11 Grittelton Road, London W9 2DD
Tara Lindstedt	5,000	0.6% 24 Blacknell Gardens, London NW3 7ED
Christopher Barrat	14,136	1.6% 14 Gorwell, Wellingdon, Oxfordshire OX49 5QE
Anthony Lewis	14,136	1.6% Burchetts Wood, Lower Marshall Lane, Milford GU8 5JX
Richard Hargreaves	56,000	6.3% Sandford Mill House, Sandford Mill, Reading RG5 4TD
Tamsin Lion	12,000	1.3% 52 Ship Street, Brighton BN1 1AF
ARC Growth Company VCT PLC	146,666	16.4% 22 Loyat Lane, London EC3R 8EB
Alan Stevens	19,333	2.2% 84 Woodside Road, Amersham, Bucks HP6 6AN
Richard Lewin	40,000	4.5% 15 Bryanston Square, London W1H 2DN
Paul Curtis	9,654	1.1% Prospect House, Lowmoor Business Park, Kirkby-in-Ashfield, Nottingham NG17 7LF
Matthew Broadbent	19,309	2.2% The Cedars, Crowell, Nr Chinnor, Oxfordshire, OX39 4RP
Chris Evans	24,136	2.7% 11 Southwark Street, London SE1 1RQ
Share Nominees Limited	104,430	11.7% Oxford House, Oxford Road, Aylesbury Bucks HP21 8SZ
Minerva Trustees Limited	14,640	1.6% La Motte Street 43, St Heller, SE4 8SD, Jersey, Channel Islands
Kaupthing Bank Luxembourg SA	97,598	10.9% 35a Avenue JF Kennedy, Luxembourg 1855, Luxembourg
Endeavour Ventures Limited	30,893	3.5% 2nd Floor, Winchester House, 259-269 Old Marylebone Road, London, NW1 5RA
Simon Noakes	3,500	0.4% 8 Snowdenham Hall, Snowdenham Lane, Bramley, Guildford, GU5 0DB
Jennifer Noakes	3,500	0.4% 8 Snowdenham Hall, Snowdenham Lane, Bramley, Guildford, GU5 0DB
John Cooper	10,000	1.1% 8 Sussex Mews East, London, W2 2TG
Jeremy Bailey	20,000	2.2% Westbrook, 14a Genco Avenue, Putney, London, SW15 6DY
Total	892,067	100.0%

[Signature] 06/03/01

APPENDIX III

RECEIPTS AND PAYMENTS ACCOUNT

SARAH ARNETT LIMITED - IN ADMINISTRATION

**SUMMARY OF ADMINISTRATOR'S RECEIPTS AND PAYMENTS
FROM 20 JANUARY 2009 (DATE OF APPOINTMENT) TO 11 MARCH 2009**

	Estimated to Realise - Director's Statement of Affairs	Total Receipts/ Payments To Date
FIXED CHARGE RECEIPTS	£	£
Goodwill	Nil	1.00
	-	<u>1.00</u>
Balance (Receipts less Payments)		<u><u>1.00</u></u>

FLOATING CHARGE RECEIPTS	£	£
Stock/work in progress	113,376.00	14,000.00
Fixtures & fittings	14,016.00	1,997.00
Other	Nil	2.00
VAT payable	Nil	418.45
	<u>127,392.00</u>	<u>16,417.45</u>
FLOATING CHARGE PAYMENTS		
Bank charges		4.00
Statutory advertising		210.38
		<u>214.38</u>
Balance (Receipts less Payments)		<u>16,203.07</u>
		<u><u>16,204.07</u></u>

Cameron Gunn
Administrator
11 March 2009

APPENDIX IV

ADMINISTRATOR'S TIME COSTS SUMMARY

ADMINISTRATOR TIMECOST SUMMARY

Office Holder Remuneration

Case Name	Sarah Arnett Limited
Court	High Court of Justice, Chancery Division, London
Court reference	596/2009
Office Holder	IP Number: 1468
	Regulated by the Institute of Chartered Accountants in England and Wales
Firm	ReSolve Partners LLP
Address	One America Square Crosswall London, EC3N 2LB
Type of Appointment	Administration
Date of Appointment	20 January 2009

1 Overview of Case

1.1 Appointment

The Administrator was appointed on 20 January 2009 following an application by the directors.

1.2 Strategy

Please see main body of the report.

1.3 Staffing

Staff have been used on the assignment based upon previous knowledge and experience.

1.4 Existing fee arrangements

The sum of £7,532.61 plus VAT was initially paid personally by the Director, Mr Simon Beales to Resolve Partners LLP in respect of advising the Company of the options available to it.

1.5 Anticipated return to creditors

It is anticipated that there will be no distributions to creditors.

2 Explanation of office-holders charging and disbursement recovery policies

2.1 Time recording

Time properly incurred on cases is charged to the assignment at the hourly rate prevailing at the time. The current hourly charge out rates, covering the whole period, are outlined below:

	£
Senior Partner and Licensed Insolvency Practitioners	325
Manager	265
Senior Staff	185
Assistant	110

Secretarial and support staff are not charged to the cases concerned, being accounted for as an overhead of ReSolve Partners LLP.

2.2 Disbursements recovery

Separate charges are made in respect of directly attributable expenses (Category 1 disbursements) such as travelling, postage, photocopying, statutory advertising and other expenses made on behalf of the assignment. Details of such disbursements are included later in this report.

Indirect charges (Category 2 disbursements) are charged as follows:

- Photocopying 10p per sheet
- Faxes 50p per sheet
- Mileage 40p per mile
- Postage Typical first/second class postage rates at the date of postage

3 Description of work carried out

Section four of this appendix outlines the time costs to date in relation to activities undertaken during this matter. These matters can be summarised as follows:

3.1 Pre-appointment

Time spent in this category comprises the activities required to place the Company into administration.

3.2 Administration and planning

The following activities have been undertaken:

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

3.3 Realisation of assets

Please see the main body of the report for details on the assets realised.

3.4 Creditors

The time spent includes the following matters:

- Recording and maintaining the list of creditors
- Dealing with employee related matters
- Recording creditor claims
- Dealing with creditor queries, and
- Reviewing and evaluating creditor claims.

4 Time and chargeout summary

To date a total of 175.32 hours have been spent to 6 March 2009 at an average charge out rate of £221.31 bringing the total cost to date to £38,800.45

A summary table is shown below:

Task	Partner	Manager	Senior staff	Assistant	Total hours	Total cost (£)	Average hourly rate (£)
Pre-appointment duties	-	3.50	-	11.80	15.30	2,225.50	145.46
Administration and Planning	1.00	12.60	27.25	12.60	53.45	10,091.25	188.80
Investigations	0.50	2.20	-	-	2.70	745.50	276.11
Realisation of Assets	10.40	68.10	-	3.67	82.17	21,830.20	265.67
Trading	-	3.50	-	-	3.50	927.50	265.00
Creditors	-	5.20	2.30	10.70	18.20	2,980.50	163.76
Other	-	-	-	-	-	-	-
Total hours	11.90	95.10	29.55	38.77	175.32	38,800.45	221.31
Total fees claimed	3,867.50	25,201.50	5,466.75	4,264.70	38,800.45		

The above costs exclude VAT.

The administrator does not seek remuneration for the cost of advice given and work completed prior to the administration, other than costs directly related to acceptance of the appointment as administrator.

5 Disbursements

5.1 Category 2 disbursements

Details of the Category 2 disbursements (amounts payable or paid to ReSolve Partners LLP as approved by creditors) are as follows:

Description	£
Travel	38.00
Filing Fee	30.00
Bonding	528.00
Printing/postage	58.54
	654.54

The above costs exclude VAT.

6 Supporting documentation

Up to date Receipts and Payments account (see **Appendix III** of this report).

Resolutions to be passed are included on Form 2.25B (see **Appendix VIII** and see Administrator's Proposals at **Appendix VI**).

A Creditors Guide to Administrators' Fees (see **Appendix V** of this report).

APPENDIX V

A CREDITOR'S GUIDE TO ADMINISTRATORS' FEES

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

ENGLAND AND WALES

1. Introduction

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

2. The nature of Administration

- 2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objectives:

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in Administration,

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

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

3. The creditors' committee

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

4. Fixing the Administrator's fees

- 4.1 The basis for fixing the Administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed either:

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

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

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

- 4.2 If there is no creditors' committee, or the committee does not make the requisite determination, the Administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee would. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the Administrator.
- 4.3 There are special rules about creditors' resolutions in cases where the Administrator has stated in his Proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets.

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

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

having regard to the same matters as the committee would.

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

- 4.4 A resolution of creditors may be obtained by correspondence.

5. What information should be provided by the Administrator?

5.1 When seeking fee approval

- 5.1.1 When seeking agreement to his fees the Administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on:
- the nature of the approval being sought
 - the stage during the Administration of the case at which it is being sought, and
 - the size and complexity of the case.
- 5.1.2 Where, at any creditors' or committee meeting, the Administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.
- 5.1.3 Where the Administrator seeks agreement to his fees during the course of the Administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the Administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the Administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the Administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the Administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject.

The guidance suggests the following areas of activity as a basis for the analysis of time spent:

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

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

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

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

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

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

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

5.2 After fee approval

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

5.3 Expenses and disbursements

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

6. What if a creditor is dissatisfied?

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

7. What if the Administrator is dissatisfied?

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

8. Other matters relating to fees

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

9. Provision of information – additional requirements

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

The information which must be provided is:

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

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

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

APPENDIX VI

ADMINISTRATOR'S PROPOSALS

Sarah Arnett Limited – In Administration

Statement of Administrator's Proposals pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986

In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 (the Act) and The Insolvency Rules 1986 (the Rules), Cameron Frazer Gunn, the Administrator (Administrator) of Sarah Arnett Limited (the Company), makes the following Proposals for achieving the purpose of the Administration.

These Proposals and the attached report to creditors together set out the information required by and to discharge the Administrator's duty pursuant to Paragraph 49 of Schedule B1 of the Act and Rule 2.33 of the Rules.

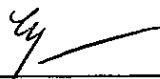
Proposals

The Administrator proposes that:

- (a) He continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration such that:
 - (i) he dispose of the Company's ownership of such assets at such time(s) on such terms as he considers expedient
 - (ii) he investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company which supplies or has supplied goods or services to the Company, and
 - (iii) in addition, he does all such things and generally exercise all his powers as Administrator as in his discretion he considers desirable or expedient in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these Proposals.
- (b) In the event that the Administrator is of the view that it is appropriate for the Company to move from Administration into Liquidation, whether compulsory or voluntary, the Administrator be authorised to take steps to place the Company into whichever Liquidation process he deems appropriate. In either circumstance, it is proposed that the Administrator takes the appointment as Liquidator of the Company. In relation to moving into Creditors' Voluntary Liquidation, and in accordance with Paragraph 83(7) and Rule 2.117 (3), creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after the receipt of the Proposals and before 12 noon on 26 March 2009.
- (c) If the Administrator considers that there will be no distribution to unsecured creditors (apart from the Prescribed Part, if any), and if he also considers that an exit from the Administration into Compulsory Liquidation is not appropriate, then the Administrator be authorised to take the necessary procedural steps to bring about the end of the Administration and move the Company into dissolution pursuant to Paragraph 84 of Schedule B1 to the Act.
- (d) The Administration shall continue (subject to the statutory provisions relating to automatic termination) until the realisable assets of the Company have been realised and all liabilities incurred during the Administration have been discharged or until such a time as deemed appropriate by the Administrator. At this stage the Company shall be dissolved or placed into Liquidation as outlined above. If necessary, the Administrator will propose to seek an extension of his appointment as Administrator from the creditors and/or the Court pursuant to Paragraph 76 of Schedule B1 of the Act.
- (e) Upon the Company either proceeding into Creditors Voluntary Liquidation or dissolution as set out above, the Administrator's discharge from liability, pursuant to Paragraph 98 of Schedule B1 shall take effect 14 days following either the Company entering into Liquidation or filing the notice of moving from Administration to dissolution.
- (f) The Administrator is at liberty to incur and pay such costs and expenses, including professional fees, as considered to be incidental to the achievement of the purpose of the

Administration or for the purposes set out herein or to the Administrator's statutory duties. The Administrator proposes to be remunerated by reference to time properly spent both for his services as Administrator and also for his staff in attending to the matters arising in the Administration of the Company, charged at the charge out rates prevailing at the time the work is undertaken. The Administrators' remuneration will be agreed by the Creditors' Committee or in the event that no Committee is formed by creditors, by a meeting of creditors.

- (g) ReSolve Partners LLP's costs and expenses relating to planning and acceptance of the appointment be treated as an expense of the Administration (albeit incurred prior to the date of appointment) and calculated by reference to the charge out rates prevailing at the time the work is undertaken.
- (h) ReSolve Partners LLP's costs and expenses relating to any matters undertaken prior to the appointment of the Administrator that would normally be incurred by the Administrator following his appointment including but not limited to negotiations with interested parties be treated as an expense of the Administration and calculated by reference to the charge out rates prevailing at the time the work is undertaken.
- (i) The Administrator is at liberty to recharge disbursements as detailed in the circulated Creditor's Guide to Administrators' Fees. Shared and allocated costs are to be charged as follows:
 - Photocopying 10p per sheet
 - Faxes 50p per sheet
 - Mileage 40p per mile
 - Postage Typical first/second class postage rates at the date of postage
- (j) The Administrator is at liberty to pay costs and remuneration in relation to Proposals (f), (g), (h) and (i) above when funds become available.
- (k) The Administrator consult with the creditors' committee, if formed, at appropriate intervals concerning the conduct of the Administration and the implementation and development of these Proposals and where they consider it expedient to obtain the sanction of that committee on behalf of the creditors of the Company (and without further reference to them) to any proposed action on the part of the Administrator.


Cameron Gunn
Administrator

APPENDIX VI

NOTICE OF MEETING OF CREDITORS - FORM 2.20B