

The Insolvency Act 1986

**Statement of administrator's proposals**

Name of Company <b>PERSONNEL PLUS (RECRUITMENT) LIMITED (IN ADMINISTRATION)</b>	Company number <b>04413503</b>
In the <b>HIGH COURT OF JUSTICE</b>	Court case number <b>17307 of 2009</b>

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

I/ We (a)

**SIMON FRANKLIN PLANT AND DANIEL PLANT  
9 ENSIGN HOUSE  
ADMIRALS WAY  
MARSH WALL  
LONDON  
E14 9XQ**

\* 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) 3 September 2009

Signed

Joint Administrator(s)

Dated

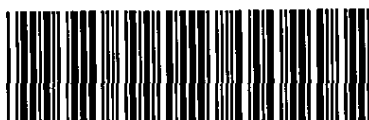
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**Contact Details:**

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

S F P, 9 Ensign House, Admirals Way, Marsh Wall, London, E14 9XQ.	
Tel 0207 538 2222	
DX Number	DX Exchange

MONDAY



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07/09/2009

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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

**Personnel Plus (Recruitment) Limited (In Administration)**  
**Report to Creditors and Statement of Proposals**  
**Pursuant to Paragraph 49(1) of Schedule B1 of the Insolvency Act 1986**

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**Strictly Private and Confidential**

**Personnel Plus (Recruitment) Limited (In Administration)**

**Report to Creditors and  
Statement of Proposals  
Pursuant to Paragraph 49(1) of  
Schedule B1 to the Insolvency Act 1986**

**Simon Franklin Plant  
MIPA MABRP**

**Daniel Plant  
MIPA MABRP**

**SFP  
9 Ensign House  
Admirals Way  
Marsh Wall  
London  
E14 9XQ**

**Tel: +44 (207) 5382222  
Fax: +44 (207) 5383322  
Email: [simonp@sfplant.co.uk](mailto:simonp@sfplant.co.uk)  
[danielp@sfplant.co.uk](mailto:danielp@sfplant.co.uk)**

This report has been written and presented for the sole purpose of complying with the relevant provisions of the Insolvency Act 1986 and the Enterprise Act 2002. It may not be disclosed, disseminated or copied without our prior written permission, other than to those entitled under statute or otherwise as ordered by the Court, and no liability will be accepted to any other person or party who acts or refrains from acting on its contents.

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<b>1. Executive Summary</b>	<b>SECTION/APP. REFERENCE</b>
<b>1.1</b> The Company was placed into Administration on 11 August 2009. The purpose of rescuing the Company as a going concern was not achievable. The primary purpose of the Administration was therefore to achieve 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).	<b>Section 5</b>
<b>1.2</b> The Company traded as a provider of recruitment services for blue collar and factory based workers. The Company's registered office and one of its trading addresses was 164 High Street, Burton-On-Trent, Staffordshire, DE14 1JE. The Company also traded from Atlas House, Belvoir Road, Coalville, Leicestershire, LE67 3PG and 3 <sup>rd</sup> Floor Horsefair House, 3 Horsefair Street, Leicester, LE1 5BP	<b>Section 4 and Appendix I</b>
<b>1.3</b> In May 2006, the Company entered into a finance facility with RBS Invoice Finance Limited in order to assist with its cash flow. The Company continued to trade successfully for the next couple of years before beginning to suffer from the economic downturn. The Company became unable to service its tax liability and looked to present a repayment plan to Her Majesty's Revenue and Customs before deciding that it would not be viable for the Company to satisfy the payments. Accordingly, the Directors sought initial advice from a local firm of insolvency professionals. Their advice was to liquidate the business which was not appealing to the Directors. The Directors approached SFP for a second opinion. Further to discussions with SFP in relation to various regimes available to them, the Directors decided to seek to place the Company into Administration by appointment of Director.	<b>Section 4 And Appendix II</b>
<b>1.4</b> It was envisaged that the primary purpose of the Administration would be achieved by the sale of the business and assets on a going concern basis. The Joint Administrators decided not to trade the business as a result of cash-flow forecasts and the uncertainty in relation to whether funding would be available. The Joint Administrators were able to secure a sale of the Company's business and assets on a going concern basis.	<b>Section 6</b>
<b>1.5</b> The purpose of Administration is still in the process of being achieved and there is still a significant amount of work to be undertaken. This includes collecting the deferred sale consideration, effecting realisations in respect of debtor recoveries and continued investigations into the Company's affairs. The Joint Administrators' consider that it may be advisable for the Company to continue in Administration for the time being. However, they require the option of placing it into Creditors' Voluntary Liquidation for distribution purposes in the unlikely event that there are sufficient realisations in the Administration for a dividend to unsecured creditors. Alternatively, the Joint Administrators will file notice of dissolution of the Company at Companies House should they take the view that the Company has no property which might permit a distribution to its creditors, unless they believe that they should present a winding up petition at court, so that a liquidator can be appointed to further investigate the Company's affairs.	<b>Sections 7, 11 and 12</b>
<b>1.6</b> There has been a limited response to the questionnaire that was sent to creditors. Responses may assist the Administrators with their general investigation duties. Accordingly, those who have not replied are urged to do so.	<b>Section 13</b>

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**2. Introduction**

- 2.1 This Report and Statement of Proposals ("the Report") is prepared pursuant to Schedule B1, Paragraph 49 of the Insolvency Act 1986, ("the Act") in relation to Personnel Plus (Recruitment) Limited (in Administration) ("the Company"), the purpose of which is to provide creditors with a full update as to the present position and seek creditors approval of the next stage of proceedings.
- 2.2 The Report also includes information required to be provided to creditors pursuant to Rule 2.33 of the Insolvency Rules 1986 ("the Rules"). All statutory information pertaining to the Company is set out in **Appendix I**.

**3. The Joint Administrators' Appointment**

- 3.1 On 7 August 2009 Notice of Intention to Appoint an Administrator by Company or Director(s) ("the Notice of Intention") was served upon the Company's prior floating charge holders, RBS Invoice Finance Limited ("RBSIF") and National Westminster Bank Plc ("Natwest") by the Company's Directors. The Notice of Intention was subsequently filed at the High Court of Justice. Subsequently, RBS and Natwest provided written consent to permit the Administration.
- 3.2 On 11 August 2009 Notice of Appointment of an Administrator by Company or Director(s) ("the Notice of Appointment") was presented to the High Court of Justice and subsequently endorsed with the 17307 of 2009. Both Simon Franklin Plant and Daniel Plant of SFP, 9 Ensign House, Admirals Way, Marsh Wall, London E14 9XQ were appointed Joint Administrators ("the Joint Administrators"). Pursuant to Schedule B1, Paragraph 100(2) of the Act, the Joint Administrators act jointly and severally.

**4. Company History and Events Leading to the Administration Order**

- 4.1 Albeit that statutory information is contained in **Appendix I**, this report provides brief details in relation to the Company's history.
- 4.2 The Company was incorporated on 10 April 2002, subsequently commencing trading as a provider of recruitment services for blue collar and factory based workers in the first quarter of 2006. The Company focused predominantly on temporary placements. The Company's registered office and one of its trading premises was situated at 164 High Street, Burton-On-Trent, Staffordshire, DE14 1JE ("the Burton Office"). The Company also traded from premises at Atlas House, Belvoir Road, Coalville, Leicestershire, LE67 3PG ("the Coalville Office") and 3<sup>rd</sup> Floor Horsefair House, 3 Horsefair Street, Leicester, LE1 5BP ("the Leicester Office").
- 4.3 As at the date of Appointment, Philip John Harris ("Mr Harris") and Philip William Ayres ("Mr Ayres") were Directors. Mr Ayres was also appointed as Company Secretary. A full list of historic Company appointments is scheduled at **Appendix I**.
- 4.4 Mr Harris and Mr Ayres advised that the Company operated its banking facilities with Natwest and details of the account balances have been requested by the Joint Administrators. Natwest have verbally advised they have no liability.
- 4.5 Mr Harris and Mr Ayres explained that the Company was part of a group of companies with a holding company called A & H Holdings Limited ("AHH") and another subsidiary called A&H Consulting Limited ("AHC"). It is understood that AHH acquired the business and assets of PP Plus Limited by way of solvent transfer in 2006. The tangible assets were then utilised by the Company to enable it to trade.

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- 4.6 In May 2006 the Company entered into a finance facility with RBSIF in order to improve its cash flow position. It is understood that the Company traded successfully for the next couple of years before beginning to suffer from the economic downturn.
- 4.7 The Company's last filed audited accounts are for the year ending 29 February 2008. From the accounts it appears that the Company was balance sheet insolvent, with a net current liability position of £437,131.
- 4.8 From 2008 onwards the Company's trade continued to deteriorate due to the economic downturn and subsequently, its cash flow position worsened.
- 4.9 Subsequently, it became increasingly difficult for the Company to service its tax liability, which presently stands at circa £350,000. Mr Harris and Mr Ayres explained that they looked to present a repayment plan to Her Majesty's Revenue and Customs ("HMRC") over the next 71 months before deciding that monthly payments to HMRC whilst continuing to settle other overheads would not be viable.
- 4.10 Accordingly, the Directors sought initial advice from a local firm of insolvency professionals. It is understood that the advice provided was to liquidate the business which was not appealing to the Directors.
- 4.11 Subsequently, the Directors approached SFP for a second opinion. A meeting was held where SFP explained the various regimes available to them. The Directors decided that Administration would be the best option in order to save the business and jobs of the employees.
- 4.12 SFP explained that they would not entertain discussing a possible sale back to the Directors until all options had been considered, which predominantly involved trading the Company and/or selling the business and assets to a third party following the placing of the Company into Administration. The Directors confirmed that they wished to proceed with Administration by way of Director appointment.
- 4.13 Accordingly, on 11 August 2009 the solicitors assisting in this matter, Francis Wilks and Jones ("FWJ") filed the requisite appointment documentation at the High Court of Justice on behalf of the Directors. This was endorsed with case number 17307 of 2009 appointing Simon Plant and Daniel Plant as Joint Administrators at 15:44.
- 4.14 At **Appendix II** is an Estimated Statement of Affairs as at the date that the Company was placed into Administration ("the Statement of Affairs"). The Statement of Affairs indicates that the Company was insolvent on a balance sheet basis with a deficiency to creditors of £184,498.

**5. The Purpose of the Administration**

- 5.1 The purposes of an Administration are set out in Schedule B1, Paragraph 3(1) of the Act. In short, this provides that an Administrator of a company must perform his functions with the objective of:
- 5.1.1 rescuing the Company as a going concern, or
  - 5.1.2 achieving a better result for the creditors as a whole than would be likely to be achieved if the company were wound up (without first being in Administration), or
  - 5.1.3 realising assets in order to make a distribution to one or more secured or preferential creditors.
- 5.2 The purposes are therefore a hierarchy of objectives. The rescue of a company is the priority. Next is to instead achieve a better return to the creditors as a whole. In the event that this cannot be achieved then the Administrator is permitted to realise assets for the benefit of the preferential or secured creditors.

- 5.3 In light of the insolvency of the Company, the initial purpose relating to its rescue could only be achieved through a company voluntary arrangement. This was not considered to be achievable, although it appeared that the second purpose was a viable option. Full details concerning progress in respect of this purpose are set out in Section 7.

**6. Events Following the Joint Administrators' Appointment Leading to Initial Strategy**

- 6.1 As a rescue of the Company was not possible, the primary purpose of the Administration was to obtain a better result for the creditors as a whole than would be achieved if the Company was simply wound up (without first being in Administration). This would potentially be achieved with the assistance of a statutory moratorium which protects a company when it is placed into Administration. The moratorium effectively prevents all creditors' actions being taken or progressed without leave of the Court or the Administrator's consent, thereby providing a company with breathing space in which a strategy can be invoked to maximise realisations.
- 6.2 Upon appointment, the Joint Administrators instructed members of their Administration department to attend the Trading Premises, as well as a representative from their debt recovery arm, SFP Recoveries Limited ("SFP Recoveries"). Further, chattel asset valuers Edward Symmons ("ES") were instructed to attend the following day in order to prepare a valuation and inventory of the Company's business and assets and to assist with the strategy going forward.
- 6.3 Upon arrival, members of the Administration department met Mr Harris and Mr Ayres. They explained the Administration process, touching upon possible strategies and explained that a decision regarding the strategy going forward would be made once all relevant information had been gleaned.
- 6.4 Mr Harris and Mr Ayres were then provided with SFP's standard Director pack which outlined the effect of the Administration together with formal notices to undertake statutory and non-statutory obligations. A member of the Administration department explained the information that would be required from them, which was subsequently obtained over the next several days.
- 6.5 That evening, the decision was made not to complete a change of locks to the Burton Office given that the Administration was not hostile and instead, a member of the Administration department took control of the office keys from all key holders. The decision was also made not to complete a change of locks to the Coalville Office and the Leicester Office given that these offices did not hold any assets.
- 6.6 The following morning, a member of the Administration department undertook a verbal address to the employees present at the Burton Office advising that the Company had been placed into Administration and the possible options going forward. Another member of the Administration department telephoned employee representatives of both the Coalville Office and the Leicester Office to advise them of the same.
- 6.7 Meanwhile, ES conducted a review of the Company's financial position and tangible assets whilst members of the Administration department gleaned the standard information required to discharge the Joint Administrators week one duties and prepared cash flow forecasts for the coming week.
- 6.8 Once cash flow forecasts had been compiled, it became apparent that trading the Company whilst in Administration was not viable. In addition to this, ES were advised that all of the chattel assets of the Company and the leases to each of the three offices were held in the name of AHH and not the Company. This meant that the Joint Administrators could not maintain control of the business as a whole given that the tangible assets were purportedly owned by someone else including the premises, which was in arrears of rent and not subject to protection of the moratorium.
- 6.9 Further, it was not clear whether funding would be provided by RBSIF to sustain immediate payments and weekly payroll. The Joint Administrators entered into discussions with RBSIF on this matter and were advised that a decision regarding funding would not be instant and that they would require further

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information including cash flow forecasts to determine if the business would trade profitably. In view of the global position and the estimated trading losses, the decision was taken that it was too risky to continue to trade.

- 6.10 ES advised that a marketing campaign to generate third party interest would be a timely process and that the informed opinion was that large recruitment companies were not in the market of acquiring smaller distressed competitors.
- 6.11 ES were also concerned that a marketing campaign may jeopardise the Company's goodwill in the event that key employees were headhunted by competitors. Further, given that AHH appeared to own all of the tangible assets and property interest, there was in effect an incomplete business if it were to go to market.
- 6.12 Accordingly, the Joint Administrators decided to negotiate with the Directors for a sale of the business and assets on a going concern basis, given that it was not advisable to trade the business whilst in Administration or to attempt to market it to third parties.

## **7. General Progress In Relation to the Administration**

### **Sale of the Business and Assets**

- 7.1 Mr Harris and Mr Ayres advised that they were interested in making an offer for the Company's business and assets and that if a deal was reached, the purchasing entity would be Personnel Plus (Resourcing) Limited ("PPRL") (an associated entity previously incorporated to deal with permanent job placements).
- 7.2 Negotiations commenced with Mr Ayres, acting on behalf of PPRL. ES advised that an offer in the region of anywhere upward of £75,000 could be considered. Notwithstanding this the initial approach to PPRL was to seek an offer of £175,000. PPRL advised that it would not be feasible to fund a sale of that size and that an offer of circa £105,000 to £110,000 would be more appropriate.
- 7.3 By way of steady increments, a final offer of £150,000 was elicited by the Joint Administrators. This offer was discussed with ES who deemed the deal to represent an excellent realisation. Subsequently, the Joint Administrators accepted the sale price and instructed FWJ to draft a sale and purchase agreement ("SPA").
- 7.4 It was agreed that the sale consideration would be paid on a deferred basis with £10,000 payable upon completion and the remaining amount payable over the following eleven months. The deferred payments were supported by personal guarantees from both Mr Ayres and Mr Harris.
- 7.5 After some minor adjustments to the SPA, a sale of the Company's business and assets to PPRL completed on 13 August 2009.

### **Statement of Insolvency Practice 13 ("SIP 13")**

- 7.6 SIP 13 provides that the Joint Administrators should provide certain details concerning the sale of a business as a going concern to connected parties. Given that Mr Ayres and Mr Harris are connected parties, being directors of PPRL, creditors are entitled to be provided with the following information:
  - 7.6.1 the consideration for the purchase of the business and assets sold was £150,000. The terms of the sale provided for £10,000 to be payable upon completion, £10,000 to be payable by 27 August 2009 and £120,000 to be payable by 10 monthly instalments on the 27th of each following month, commencing on or before 27 September 2009 with a final instalment being payable on or before 27 July 2010;



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- 7.6.2 the Joint Administrators understand that Mr Ayres and Mr Harris did not take independent legal advice in relation to the purchase;
- 7.6.3 the sale had to be completed as quickly as possible given that continued trading was not viable. Accordingly, the sale took place without consultation to the Company's creditors; and
- 7.6.4 the sale consideration has not yet been paid in full.

**Debtors**

- 7.7 As at the date of the placing of the Company into Administration, it is understood that its sales ledger was £633,916 with RBSIF having an outstanding commitment of £490,051 (excluding termination fees).
- 7.8 SFP Recoveries gathered information relating to the Company's debtor book, including copied sale invoices and corresponding documentation to assist RBSIF in the collection of book debts. RBSIF are collecting the outstanding debts with SFP Recoveries monitoring the progress and providing assistance, if required. In the event of RBSIF being repaid in full, SFP Recoveries shall seek to have the sales ledger reassigned to the Company and shall attempt to recover any outstanding balances for the benefit of the Administration.

**The Company's Trading Premises**

- 7.9 The Joint Administrators' property arm, SFP Property Limited ("SFP Property") has been instructed to confirm that there are no properties in the name of the Company.
- 7.10 SFP Property are currently reviewing the position and will revert to the Joint Administrators with an update in due course.

**Investigation into the Company's Affairs Prior to the Administration**

- 7.11 Investigations into the Company's affairs prior to it being placed into Administration are being undertaken by another entity associated with the Joint Administrators firm, SFP Forensic Limited ("SFP Forensic") and are presently ongoing. These are currently being investigated. However, the Joint Administrators do not wish to divulge any further information in relation to this at this stage since it may hamper enquiries / future recoveries.

**Miscellaneous**

- 7.12 The Company's books and records have been recovered from the Burton Office, Coalville Office and the Leicester Office by another entity associated with the Joint Administrators' firm, SFP Datastore Limited ("SFP Datastore"). An inventory will be prepared and the books and records will continue to be stored by them.

**8. The Statement of Affairs and the Outcome for Creditors / Joint Administrators Receipts and Payments**

- 8.1 Based upon current information, there may be a dividend to unsecured creditors. At **Appendix II** is an Estimated Statement of Affairs as at the date that the Company was placed into Administration, completed by the Joint Administrators.
- 8.2 In addition to this is a list of creditors whose details have been obtained from the Company's records and whose claims have been lodged. Please note that the £0.00 balances denote claims that are yet to be lodged onto the Joint Administrators system and does not mean that the claim has been rejected or agreed.

- 8.3 Attached at **Appendix III** is the Joint Administrators Income and Expenditure Account for the period 11 August 2009 to 25 August 2009.

**9. The Joint Administrators' Costs**

- 9.1 From the outset the Joint Administrators arranged for members of their team to be present at the Company's trading premises in order to react to any immediate issues.
- 9.2 To date, the Joint Administrators have undertaken, inter alia, the following actions:
- 9.2.1 initial review of the trading position and ascertaining the feasibility of continued trading;
  - 9.2.2 continuing to trade the business from 11 August 2009 to 13 August 2009;
  - 9.2.3 liaising with directors and associated parties in order to deal with immediate issues;
  - 9.2.4 liaising with ES concerning the sale of the business and assets;
  - 9.2.5 negotiating the sale of business and assets;
  - 9.2.6 liaising with employees concerning continued trading;
  - 9.2.7 liaising with employees concerning the sale of the business and assets;
  - 9.2.8 reviewing the Company's books and records;
  - 9.2.9 liaising with SFP Recoveries and RBSIF concerning the sales ledger, including the reproduction of invoices; and
  - 9.2.10 undertaking all statutory measures including updating creditors, advertising and filing requisite documents and forms at Companies House.
- 9.3 At **Appendix IV** is a breakdown of the time that has been incurred by SFP to date. At **Appendix XI** is a Guide to Administrators and Liquidators Fees, being Statement of Insolvency Practice 9.
- 9.4 At **Appendix V** is a breakdown of the time that has been incurred by SFP Forensic to date.
- 9.5 At **Appendix VI** is a breakdown of the time that has been incurred by SFP Property to date.
- 9.6 At **Appendix VII** is a breakdown of the time that has been incurred by SFP Recoveries to date.
- 9.7 At **Appendix VIII** is a breakdown of the time that has been incurred by SFP Dalastore to date.
- 9.8 At **Appendix IX** is a guide to SFP and its associated entities charge out rates and disbursement rates.
- 9.9 **Section 12** sets out the Joint Administrators' proposals. The Rules provide that in the event of there being no distribution to unsecured creditors, each secured creditor of the company is to agree the Joint Administrators' fees. However, should a distribution be envisaged then these are to be authorised by a Creditors' Committee, failing which the creditors as a whole and failing them, the Court. Asset realisations indicate that there may be a dividend to unsecured creditors and consequently, the Joint Administrators are seeking agreement of their fees from any Creditors' Committee or the body of creditors, if none is appointed.

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- 9.10 The Joint Administrators propose that their remuneration be on a time cost basis, being the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration under Rule 2.106(2) of the Rules.
- 9.11 As detailed in **Section 11**, a meeting of creditors has been convened pursuant to Schedule B1, Paragraph 51 of the Act to be held at the offices of SFP, 9 Ensign House, Admirals Way, Marsh Wall, London, E14 9XQ at 11:00am on the 23 September 2009 to consider the Joint Administrators' proposals.
- 9.12 For the sake of good order, each secured creditor has also been provided with a copy of these proposals.
- 9.13 Disbursements and specific expenditure relating to the administration of an insolvent estate and payable to an independent third party are recoverable without creditor approval. Such expenditure is made, if funds are available from the insolvent estate. If funds are not available the payment is made from this firm's office account and this firm is reimbursed from the insolvent estate if and when funds become available.
- 9.14 Payments made out of a firms office account and re-charged to an insolvent estate are defined as 'Category 1 Disbursements'. This disbursement is explained further under the expenses and Disbursements heading in the Guide to Administrators and Liquidators fees at **Appendix XI**. The following Category 1 disbursements have been incurred to date and are yet to be recharged:

Expenses	£	248.42
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- 9.15 Expenditure incidental to the administration of the insolvent case, which by its nature includes an element of shared or allocated costs are recoverable with creditor approval. These payments are defined as 'Category 2 Disbursements' and, once again, this disbursement is explained further in the Guide to Administrators and Liquidators fees at **Appendix XI**. The following Category 2 disbursements have been incurred to date and are yet to be recharged:

Postage	£	7.92
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- 9.16 The fees incurred by ES, SFP Forensic, SFP Recoveries and SFP Property and FWJ are on a time cost basis. SFP Datastore's fees are calculated on a fixed fee basis for storage and retrieval of books and records and an hourly rate for any further work carried out.
- 9.17 SFP Forensic, SFP Recoveries, SFP Property and SFP Datastore are entities which are associated with the Joint Administrators firm, SFP ("the Associated Entities"). Pursuant to SIP 9 payments made to outside parties in which the office holder or his firm or any associate has an interest should be treated as a Category 2 Disbursement. In accordance with SIP 9 the following information is provided concerning the Associated Entities:
- 9.17.1 the Associated Entities have been established by SFP to perform functions to which either the office holder or outside agencies could undertake. It is considered that by virtue of their specialist nature and close proximity to SFP they will achieve better results than the office holder, his team or any outside agencies would be able to accomplish.
- 9.17.2 the Associated Entities remuneration is on an hourly time cost basis, divided into 6 minute units and calculated as follows:

Entity	Basis of Remuneration	Staff Charge Out Rates
SFP Forensic	Time Cost	£75 - £450*
SFP Property	Time Cost	£75 - £275*

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SFP Recoveries	Time Cost	£75 - £450*
SFP Datastore	Fixed Fee and Time Cost	£25-£75*

\*The charge out rates detail the bands that will be applied dependent upon the grading of staff required to deal with any one specific assignment. Please note that these may fluctuate/alter during the course of the Administration or the placing of the Company into a subsequent insolvency regime.

- 9.17.3 the proposals to creditors seek the approval of the payment of SIP 9 Category 2 Disbursements. Approval will entitle the office holder to settle these as and when deemed necessary without the need for any further authorisation.

#### **10. Additional Points Required to Be Made Pursuant to the Rules**

- 10.1 For creditors' general information, the EC Regulations on insolvency proceedings do apply in this case, and these proceedings are the main proceedings.
- 10.2 Pursuant to Schedule B1, Paragraph 47(1) of the Act, the Joint Administrators may request one or more relevant persons to provide a Statement of Affairs of the Company. The Joint Administrators requested a Statement of Affairs to be completed by Mr Ayres and Mr Harris. These forms have not yet been received and SFP Forensic have been instructed to pursue them.
- 10.3 The Joint Administrators do not consider that the prescribed part defined under section 176A of the Act will be payable and therefore do not intend to make an application to Court pursuant to section 176A(5) of the Act.

#### **11. The Meeting of Creditors**

- 11.1 A meeting of creditors has been convened pursuant to Schedule B1, Paragraph 51 of the Act to be held at the offices of SFP, 9 Ensign House, Admirals Way, Marsh Wall, London, E14 9XQ at 11:00am on 23 September 2009. At **Appendix XII** is the notice of the meeting.
- 11.2 The purpose of the meeting will be for the Joint Administrators to discuss the Administration and to consider the proposals, which are set out in **Section 12**.

#### **12. The Joint Administrators' Proposal**

- 12.1 Albeit that a sale of the business as a going concern has been achieved, the protection of the Administration is still required in order to finalise all outstanding matters. The prescribed time limit for an Administration is 12 months. In the event that an Administration lasts in excess of 12 months, the Joint Administrators have to obtain creditors approval or make an application to Court to extend its length.
- 12.2 It is a requirement, notwithstanding the fact that a company is left in Administration for the Joint Administrators to investigate the company's affairs and submit the appropriate D form to the Department of Business Innovation and Skills concerning the director's conduct.
- 12.3 In the event that there are or may be further realisations that result in a dividend to unsecured creditors the Joint Administrators shall seek to place the Company into Creditors Voluntary Liquidation in order to effect a distribution. In such circumstances they will be looking to take the appointment as Liquidators. In accordance with Schedule B1, Paragraph 83(7) of the Act and Rule 2.117(3), creditors are able to nominate a different person or persons as proposed Liquidator or Liquidators, provided that the nomination is made after the receipt of the proposals and before they are approved. As an alternative, and should there be no likely funds to distribute to unsecured creditors, that the Joint Administrators may

**Personnel Plus (Recruitment) Limited (In Administration)**  
**Report to Creditors and Statement of Proposals**  
**Pursuant to Paragraph 49(1) of Schedule B1 of the Insolvency Act 1986**

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seek to place the Company into Compulsory Liquidation in order to bring proceedings that only a Liquidator may commence for the benefit of the estate.

**12.4** It is proposed that the Creditors' Voluntary Liquidation would commence from the date of acknowledgement by the Registrar of Companies that the relevant notice has been filed at Companies House. This procedure, which is permitted by the Act would circumvent the need for an additional creditors meeting and keep costs to a minimum.

**12.5** In light of the above, and in accordance with Schedule B1, Paragraph 49(1) of the Act, it is proposed by the Joint Administrators that:

**12.5.1** the Administration of the Company continue in order to collect the remaining sale consideration, effect outstanding realisations of the Company's debtors and finalise any additional matters which require the assistance of the moratorium;

**12.5.2** the Joint Administrators' remuneration be fixed by the time properly spent by them and their staff in attending to matters arising out of the Administration in accordance with Statement of Insolvency Practice 9 and that the Joint Administrators be authorised to draw remuneration as and when funds become available;

**12.5.3** the Joint Administrators be authorised to recover all disbursements including category 2 disbursements as defined by the Statement of Insolvency Practice 9;

**12.5.4** in the event that the Joint Administrators think that the Company has no property which might permit a distribution to its creditors, they shall be authorised to file a notice of dissolution of the Company pursuant to paragraph 84 of Schedule B1 to the Act;

**12.5.5** in the event of a potential distribution being available to unsecured creditors, the Joint Administrators be appointed Joint Liquidators of the Company pursuant to paragraph 83 of Schedule B1 to the Act without further recourse to the creditors with the purpose of making a distribution to unsecured creditors and to continue investigation into the Company's affairs;

**12.5.6** as an alternative to paragraphs 12.5.4 and 12.5.5 the Joint Administrators be able to seek to place the Company into Compulsory Liquidation in order to pursue such actions and bring proceedings that only a Liquidator is permitted to bring pursuant to the Act;

**12.5.7** upon the placing of the Company into Liquidation under paragraph 12.5.5 or 12.5.6 or the necessary form being filed for the Company to be dissolved, the Joint Administrators be discharged from liability in respect of any action undertaken by them pursuant to Schedule B1, paragraph 98 of the Act; and

**12.5.8** upon the placing of the Company into Liquidation, the Joint Liquidators' be authorised to act in a joint and several capacity.

**13. Ancillary**

***Creditors Questionnaires***

**13.1** The response that has been forthcoming from the questionnaire provided to creditors has proved to be helpful in relation to the events that transpired up to the date that the Company was placed into Administration.

**13.2** As previously stated in the first circular to the Company's creditors, responses that are received may prove integral to assist with investigations into the Company's affairs. Accordingly, if you have not previously provided a completed questionnaire, please do so, at your earliest convenience.

**Personnel Plus (Recruitment) Limited (In Administration)**  
**Report to Creditors and Statement of Proposals**  
**Pursuant to Paragraph 49(1) of Schedule B1 of the Insolvency Act 1986**

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***Directors Conduct***

- 13.3 Pursuant to the Company Directors Disqualification Act 1986, it is the Joint Administrators and any subsequently appointed Liquidator's duty to submit a requisite report/form to the Department for Business Innovation and Skills concerning the directors' conduct.
- 13.4 The report/form must address all persons holding the position as director during the three years up to the date of the onset of insolvency. Please note that this is a standard requirement. Responses to creditors' questionnaires may prove extremely helpful concerning this.

If any creditor has any queries in relation to the above, please do not hesitate to contact either the Joint Administrators or the Administrator dealing with this matter, Richard Hunt on 020 7538 2222.

**Dated this 25<sup>th</sup> day of August 2009**

  
**Simon Plant**  
**Joint Administrator**

**Personnel Plus (Recruitment) Limited (in Administration)**

**Report to Creditors & Statement of Proposals**

**APPENDIX I**

- **Statutory Information**

**Personnel Plus (Recruitment) Limited – In Administration**

**Statutory Information As Reflected At Companies House**

**Company Number:** 04413503

**Date of Incorporation:** 10/04/2002

**Previous Names:** None registered at Companies House

**Nature of Business:** Labour recruitment

**Issued Share Capital:** A & H Holdings Limited – 2 Ordinary £1 shares

	<b>Name</b>	<b>Appointed</b>	<b>Resigned</b>
<b>Director(s):</b>	Philip William Ayres	10/04/2002	-
	Philip John Harris	10/04/2002	-
	Tracy Ayres	01/09/2003	31/07/2006
	Leigh Ann Harris	01/09/2003	31/07/2006
	Matthew James Swinton	10/04/2002	10/04/2002
<b>Company Secretary:</b>	Philip John Harris	10/04/2002	-
	Swift Incorporations Limited	10/04/2002	10/04/2002

**Current Registered Office:** 9 Ensign House  
Admirals Way  
Marsh Wall  
Docklands  
London E14 9XQ

**Previous Registered Office:** 164 High Street  
Burton-On-Trent  
Staffordshire  
DE14 1JE

**Trading Address:** 164 High Street  
Burton-On-Trent  
Staffordshire  
DE14 1JE

Atlas House  
Belvoir Road  
Coalville  
Leicestershire  
LE67 3PG

3<sup>rd</sup> Floor Horsefair House  
3 Horsefair Street  
Leicester  
LE1 5BP



**Accountants:** Steve Bourne  
The Chatwell Practice  
Chartwell House  
4 St Pauls Square  
Burton-On-Trent  
Staffordshire  
DE14 2EF

**Schedule of Outstanding Mortgages or Charges:**

<b>Name</b>	<b>Type of Charge</b>	<b>Registered</b>	<b>Satisfied</b>
National Westminster Bank Plc	Debenture	13/05/2006	-
RBS Invoice Finance Limited	Fixed and Floating Charge	07/06/2006	-

**Personnel Plus (Recruitment) Limited (in Administration)**

**Report to Creditors & Statement of Proposals**

**APPENDIX II**

- **Estimated Statement of Affairs as at 11 August 2009 / Creditors Details**

**PERSONNEL PLUS (RECRUITMENT) LIMITED (IN ADMINISTRATION)**

**ESTIMATED STATEMENT OF AFFAIRS AS AT 11 AUGUST 2009**

	Notes	Book Value £	Estimated to realise £
<b>Assets (specifically pledged)</b>			
Debtors	1	633,916	507,133
Less;RBS Invoice Finance Limited	1	<u>-490,051</u>	<u>-490,051</u>
Estimated surplus / deficit c/d		143,865	17,082
<b>Assets (not specifically pledged)</b>			
Sale of business and assets	2	150,000	<u>150,000</u>
<i>Estimated total surplus available to unsecured creditors</i>		<u>293,865</u>	<u>167,082</u>
<b>LIABILITIES</b>			
<b>UNSECURED CREDITORS</b>			
HM Revenue & Customs - PAYE & NIC / VAT	3	-350,000	
Trade & expense	4	<u>-1,580</u>	<u>-351,580</u>
<i>Estimated deficiency as regards to creditors</i>			<u><u>-184,498</u></u>

NB Subject to the costs and expenses of the Administration

**Personnel Plus (Recruitment) Limited (in Administration) ("the Company")**  
**Notes To Estimated Statement of Affairs as at 11 August 2009**

1. The Company's sales ledger has been assigned to RBSIF. A provision has been made of 20% to take into account any bad or doubtful debts.
2. The business and assets of the Company were sold for £150,000. Payments have been permitted on a deferred basis with security granted by way of personal guarantees from Mr Ayres and Mr Harris. At this stage no apportionment has been made between the secured creditor's fixed and floating charges.
3. It is understood that Her Majesty's Revenue and Custom is owed collectively (PAYE and VAT) circa £350,000, based on information provided by Mr Ayres and Mr Harris. Details of its claim will be forthcoming in due course.
4. The schedule of creditors in this report has been taken from the Company's records.

**S F P**  
**Personnel Plus (Recruitment) Limited**

<b>Key</b>	<b>Name</b>	<b>Address</b>	<b>£</b>
C100	1 Stop 1 Call Limited	32 Parklands Drive, Oadby, Leicester, LE2 4DG	84.66
CA00	ABC Danoto Limited	53a London Road, Leicester, LE2 0PD	146.91
CA03	Apex Cleaning Contractors	32 Parkland Drive, Oadby, Leicester, LE2 4DG	22.70
CH00	HM Revenue & Customs	Insolvency & Securities, 3rd Floor, Euston Tower, London, NW1 3UQ	0.00
CH01	HM Revenue & Customs	Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4RS	0.00
CH02	HM Revenue & Customs	Insolvency Operations, Queens Dock, Liverpool, L74 4AF	0.00
CH03	HM Revenue & Customs	Room BP3202, Warkworth House, Benton Park View, Longbenton, Newcastle Upon Tyne, NE98 1ZZ	0.00
CN00	Natwest	Payment Operations, PO Box 400, Central House, Otley Road, Harrogate, HG3 1XE	50.00
CP00	Pitney Bowes Limite	PO Box 42, Harlow, Essex, CM19 5DQ	212.00
CR00	Recruitment & Employment Confederation	4th Floor Albion House, Chertsey Road, Woking, Surrey, GU21 6BT	473.75
CS01	Soleco UK Limited	Florette House, Wood End Lane, Fradley Park, Lichfield, Staffordshire, WS13 8NF	552.00
CV00	Viking Office Supplies (UK) Ltd	The Business Fort, Crossfield Road, Lichfield, Staffordshire, WS13 6RJ	38.65
			<b>1,580.67</b>

**Personnel Plus (Recruitment) Limited (in Administration)**

**Report to Creditors & Statement of Proposals**

**APPENDIX III**

- **Joint Administrators Income and Expenditure Account to 25 August 2009**

**Personnel Plus (Recruitment) Limited  
(In Administration)**

**INCOME AND EXPENDITURE ACCOUNT**

	<b>Statement of affairs £</b>	<b>From 11/08/2009 To 25/08/2009 £</b>
<b>RECEIPTS</b>		10,000.00
<b>PAYMENTS</b>		0.00
<b>BALANCE - 25 August 2009</b>		10,000.00

**Personnel Plus (Recruitment) Limited (in Administration)**

**Report to Creditors & Statement of Proposals**

**APPENDIX IV**

- **Breakdown of Administrators Fees / Activity Codes**





PERSONNEL PLUS (RECRUITMENT) LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 11 AUGUST 2009 TO 25 AUGUST 2009

CLASSIFICATION OF WORK FUNCTION	Managing Partner	Partner	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Administration and Planning	5.50	-	-	1.90	24.20	11.90	2.80	46.30
Investigation	-	-	-	-	-	-	-	0.00
Realisation of assets	5.00	2.70	-	-	7.10	-	-	14.80
Trading	-	6.00	-	0.60	32.50	-	-	39.10
Creditors	-	5.50	-	1.50	9.80	-	2.30	19.10
<hr/>								
Total hours	10.50	14.20	-	4.00	73.60	11.90	5.10	119.30
Average rate £ per hour	450.00	400.00	-	250.00	225.00	150.00	75.00	252.58
Total costs £	4,725.00	5,680.00	-	1,000.00	16,560.00	1,785.00	382.50	30,132.50

Remuneration drawn on account

See Appendix for Summary Charge Out Rates for staff

## SIP 9 STANDARD ACTIVITY SUMMARIES

Standard Activity	Examples of Work
Administration and Planning	Case Planning Administrative set up Appointment and notification Maintenance of records Statutory reporting Estate accounting Schedule company books and records
Investigation	SIP 2 CDDA report Investigating antecedent transactions
Realisation of assets	Identifying, securing, insuring assets Retention of title Debt collection – pre and post appointment Property, business and asset sales Communication and negotiations with secured creditors
Trading	Planning Management of operation Communication/negotiation with suppliers Communication/negotiation with landlord Communication/negotiation with third parties Monitor goods outward/inwards Stock take On-going employee issues Travel
Creditors	Communication with creditors Creditor claims (including employees and other preferential creditors)

**Personnel Plus (Recruitment) Limited (in Administration)**

**Report to Creditors & Statement of Proposals**

**APPENDIX V**

- **Breakdown of SFP Forensic Limited Fees**

SFP



FORENSIC



## PERSONNEL PLUS (RECRUITMENT) LIMITED (IN ADMINISTRATION)

## SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 11 AUGUST 2009 TO 25 AUGUST 2009

## CLASSIFICATION OF WORK FUNCTION

	Managing Director	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
--	----------------------	----------------	---------	----------------------	---------------	-----------	-------

Investigation

1.20

0.40

0.80

Total hours

1.20

Average rate £ per hour

116.67

75.00

200.00

-

-

-

-

-

-

-

-

-

-

-

-

-

-

Total costs £

140.00

80.00

60.00

Remuneration drawn on account

See Appendix for Summary Charge Out Rates for staff

-

**Personnel Plus (Recruitment) Limited (in Administration)**

**Report to Creditors & Statement of Proposals**

**APPENDIX VI**

- **Breakdown of SFP Property Limited Fees**



PERSONNEL PLUS (RECRUITMENT) LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 11 AUGUST 2009 TO 25 AUGUST 2009

CLASSIFICATION OF WORK FUNCTION

	Managing Director	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Property Issues	9.90	-	-	-	-	1.10	11.00
<hr/>							
Total hours	9.90	-	-	-	-	1.10	11.00
Average rate £ per hour	275.00	-	-	-	-	75.00	255.00
Total costs £	2,722.50	-	-	-	-	82.50	2,805.00

Remuneration drawn on account

See Appendix for Summary Charge Out Rates for staff

-

**Personnel Plus (Recruitment) Limited (in Administration)**

**Report to Creditors & Statement of Proposals**

**APPENDIX VII**

- **Breakdown of SFP Recoveries Limited Fees**

SFP



RECOVERIES



PERSONNEL PLUS (RECRUITMENT) LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 11 AUGUST 2009 TO 25 AUGUST 2009

CLASSIFICATION OF WORK FUNCTION

	Managing Director	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Debt Collection	-	-	-	1.60	20.70	7.20	29.50
Total hours	-	-	-	1.60	20.70	7.20	29.50
Average rate £ per hour	-	-	-	200.00	150.00	100.00	140.51
Total costs £	-	-	-	320.00	3,105.00	720.00	4,145.00

Remuneration drawn on account

See Appendix for Summary Charge Out Rates for staff



**Personnel Plus (Recruitment) Limited (in Administration)**

**Report to Creditors & Statement of Proposals**

**APPENDIX VIII**

- **Breakdown of SFP Datastore Limited Fees**



PERSONNEL PLUS (RECRUITMENT) LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 11 AUGUST 2009 TO 25 AUGUST 2009

CLASSIFICATION OF WORK FUNCTION

	Storage Tasks Staff Costs	Inventorising Staff Costs	Total
Boxing Up / Collection / Inventorising of Records	38.20	4.90	43.10
<hr/>			
Total hours	38.20	4.90	43.10
Average rate £ per hour	25.00	75.00	30.68
Total costs £	955.00	367.50	1322.50
<hr/>			
Remuneration and disbursements drawn on account	-		

See Appendix for Summary Charge Out Rates for staff

Disbursements incurred	£
Mileage	-
Box moving	-
Storage boxes purchased	-
Storage costs	-
Total Disbursements	0.00

**Personnel Plus (Recruitment) Limited (in Administration)**

**Report to Creditors & Statement of Proposals**

**APPENDIX IX**

- **Charge out Rates for SFP main practice and associates entities**

# SFP



## Charge out Rates for SFP main practice and associated entities

SFP and the Associated Entities remuneration is calculated on an hourly time cost basis, divided into 6 minute units and calculated as follows:

Main Practice		SFP Forensic Limited		SFP Property Limited		SFP Recoveries Limited	
Grade	Rate p/hr	Grade	Rate p/hr	Grade	Rate p/hr	Grade	Rate p/hr
Managing Partner	450	Managing Director	450	Managing Director	275	Managing Director	450
Partner 2	400	Senior Manager 2	325	Senior Manager 2	250	Senior Manager 2	325
Partner 1	350	Senior Manager 1	300	Senior Manager 1	225	Senior Manager 1	300
Senior Manager 2	325	Manager 2	275	Manager 2	200	Manager 2	275
Senior Manager 1	300	Manager 1	250	Manager 1	175	Manager 1	250
Manager 2	275	Senior Administrator 2	225	Senior Administrator 2	150	Senior Administrator 2	225
Manager 1	250	Senior Administrator 1	200	Senior Administrator 1	130	Senior Administrator 1	200
Senior Administrator 2	225	Administrator 2	150	Administrator 2	110	Administrator 2	150
Senior Administrator 1	200	Administrator 1	100	Administrator 1	90	Administrator 1	100
Administrator 2	150	Assistant	75	Assistant	75	Assistant	75
Administrator 1	100						
Assistant	75						

SFP Datastore Limited	
Grade	Rate p/hr
<b>Storage Tasks (Retrieval and Collection)</b>	
Box Storage	18p / box / week
A4	21p / box / week
A3	6p / box / week
Transit Cases	£1.10 per mile
Retrieval costs from site	£22.50
Same Day Delivery (up to 10 items)	£15.00
Next Day Delivery (up to 10 items)	£25.00
Delivery to third party offices (up to 10 items / £1.50 per item thereafter)	
<b>Inventorising and Additional</b>	
Staff Costs	75

**Personnel Plus (Recruitment) Limited (in Administration)**

**Report to Creditors & Statement of Proposals**

**APPENDIX X**

- **Proof of Debt form**

## PROOF OF DEBT - GENERAL FORM

**In the matter of Personnel Plus (Recruitment) Limited (in  
Administration)  
and in the matter of the Insolvency Act 1986**

1.	Name of Creditor	
2.	Address of Creditor	
3.	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into administration	£
4.	Details of any document by reference to which the debt can be substantiated. [Note the administrator may call for any document or evidence to substantiate the claim at his discretion]	
5.	If the total amount shown above includes Value Added Tax, please show:-  (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6.	If total amount above includes outstanding uncapitalised interest please state amount	£
7.	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8.	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category  Amount(s) claimed as preferential £
9.	Particulars of how and when debt incurred.	
10.	Particulars of any security held, the value of the security, and the date it was given	£
11.	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

**Personnel Plus (Recruitment) Limited (in Administration)**

**Report to Creditors & Statement of Proposals**

**APPENDIX XI**

- **Guide to Administrators and Liquidators Fees**

# A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

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

## ENGLAND AND WALES

### 1 Introduction

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

### 2 The nature of administration

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

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

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

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

### 3 The creditors' committee

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

### 4 Fixing the administrator's fees

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

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

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

- the complexity (or otherwise) of the case,
- any responsibility of an exceptional kind or degree which falls on the administrator;

administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

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

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

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

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

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

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

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

### 5.2 After fee approval

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

- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the property which the administrator has to deal with.

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

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

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

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

having regard to the same matters as the committee would.

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

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

### 5 What information should be provided by the administrator?

#### 5.1 When seeking fee approval

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

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

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

- 5.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the

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 each of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

#### 8 Other matters relating to fees

- 8.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.

- 8.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

#### 9 Provision of information – additional requirements

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

The information which must be provided is –

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



- the number of hours spent by each grade of staff in the relevant period.

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

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

## A CREDITORS' GUIDE TO LIQUIDATORS' FEES

### ENGLAND AND WALES

#### 1 Introduction

- 1.1 When a company goes into liquidation the costs of the proceedings are paid out of its assets. The creditors, who hope 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 liquidator. The insolvency legislation recognises this interest by providing mechanisms for creditors to fix the basis of the liquidator's fees. This guide is intended to help creditors be aware of their rights to approve and monitor fees and explains the basis on which fees are fixed.

#### 2 Liquidation procedure

- 2.1 Liquidation (or 'winding up') is the most common type of corporate insolvency procedure. Liquidation is the formal winding up of a company's affairs entailing the realisation of its assets and the distribution of the proceeds in a prescribed order of priority. Liquidation may be either voluntary, when it is instituted by resolution of the shareholders, or compulsory, when it is instituted by order of the court.

- 2.2 Voluntary liquidation is the more common of the two. An insolvent voluntary liquidation is called a creditors' voluntary liquidation (often abbreviated to 'CVL'). In this type of liquidation an insolvency practitioner acts as liquidator throughout and the creditors can vote on the appointment of the liquidator at the first meeting of creditors.

- 2.3 In a compulsory liquidation on the other hand, the function of liquidator is, in most cases, initially performed not by an insolvency practitioner but by an official called the official receiver. The official receiver is an officer of the court and a member of The Insolvency Service, an executive agency within the Department of Trade and Industry. In most compulsory liquidations, the official receiver becomes liquidator immediately on the making of the winding-up order. Where there are significant assets an insolvency practitioner will usually be appointed to act as liquidator in place of the official receiver, either at a meeting of creditors convened for the purpose or directly by the Secretary of State for Trade and Industry. Where an insolvency practitioner is not appointed the official receiver remains liquidator.

- 2.4 Where a compulsory liquidation follows immediately on an administration the court may appoint the former administrator to act as liquidator. In such cases the official receiver does not become liquidator. An administrator may also subsequently act as liquidator in a CVL.

#### 3 The liquidation committee

- 3.1 In a liquidation (whether voluntary or compulsory) the creditors have the right to appoint a committee called the liquidation committee, with a minimum of 3 and a maximum of 5 members, to monitor the conduct of the liquidation and approve the liquidator's fees. The committee is usually established at the creditors' meeting which appoints the liquidator, but in cases where a liquidation follows immediately on an administration any committee established for the purposes of the administration will continue in being as the liquidation committee.

- 3.2 The liquidator must call the first meeting of the committee within 3 months of its establishment (or his appointment if that is later), and subsequent meetings must be held either at specified dates agreed by the committee, or when requested by a member of the committee, or when the liquidator decides he needs to hold one. The liquidator is required to report to the committee at least every 6 months on the progress of the liquidation, unless the committee directs otherwise. This provides an opportunity for the committee to monitor and discuss the progress of the insolvency and the level of the liquidator's fees.

analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

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

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

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

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the liquidator'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 liquidator wishes to make.
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement.
- Any existing agreement about fees.
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees.

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

- 5.1.4 Where the fee is charged on a percentage basis the liquidator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by a liquidator 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 liquidator should notify the creditors of the details of the resolution in his next report or circular to them. When subsequently reporting to creditors on the progress of the liquidation, or submitting his final report, he 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 liquidator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out.

#### 4 Fixing the liquidator's fees

- 4.1 The basis for fixing the liquidator's remuneration is set out in Rules 4.127 - 4.127(3) of the Insolvency Rules 1986. The Rules state that the remuneration shall be fixed either

- as a percentage of the value of the assets which are realised or distributed or both, or
- by reference to the time properly given by the liquidator and his staff in attending to matters arising in the liquidation.

It is for the liquidation committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is to be fixed as a percentage, to fix the percentage to be applied. Rule 4.127 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 liquidator in connection with the insolvency;
- the effectiveness with which the liquidator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the assets which the liquidator has to deal with.

- 4.2 If there is no liquidation committee, or the committee does not make the requisite determination, the liquidator's remuneration may be fixed by a resolution of a meeting of creditors. The creditors take account of the same matters as the committee would. A resolution specifying the terms on which the liquidator is to be remunerated may be taken at the meeting which appoints the liquidator. If the remuneration is not fixed in any of these ways, it will be in accordance with a scale set out in the Rules.

#### 5 What information should be provided by the liquidator?

##### 5.1 When seeking fee approval

- 5.1.1 When seeking agreement to his fees the liquidator 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 liquidator 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 liquidator seeks agreement to his fees during the course of the liquidation, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the liquidator 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 liquidator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the liquidator 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. This 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 liquidator to provide an

#### 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 liquidator 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 liquidator'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.

#### 5.4 Realisations for secured creditors

Where the liquidator realises an asset on behalf of a secured creditor and receives remuneration out of the proceeds (see paragraph 8.1 below), he should disclose the amount of that remuneration to the committee (if there is one), to any meeting of creditors convened for the purpose of determining his fees, and in any reports he sends to creditors.

#### 5.5 Reporting in compulsory liquidations

It should be borne in mind that in compulsory liquidations there is no statutory requirement for the liquidator to report to creditors until the conclusion of the assignment. In most such cases, therefore, creditors will receive no information during the course of the liquidation unless they specifically request it.

#### 6 What if a creditor is dissatisfied?

- 6.1 Except in cases where there is a liquidation committee it is the creditors as a body who have authority to approve the liquidator's fees. To enable them to carry out this function they may require the liquidator to call a creditors' meeting. In order to do this at least ten per cent in value of the creditors must concur with the request, which must be made to the liquidator in writing.

- 6.2 If a creditor believes that the liquidator'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 liquidator 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 out of the assets of the insolvent company.

#### 7 What if the liquidator is dissatisfied?

If the liquidator considers that the remuneration fixed by the 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 or in accordance with the statutory scale 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 committee and the committee may nominate one or more of its members to appear or be represented at the court hearing. If there is no committee, the liquidator's notice of his application must be sent to such of the 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 out of the assets.

#### 8 Other matters relating to fees

- 8.1 Where the liquidator realises assets on behalf of a secured creditor he is entitled to be remunerated out of the proceeds of sale in accordance with a scale set out in the Rules. Usually, however, the liquidator will agree the basis of his fee for dealing with charged assets with the secured creditor concerned.

- 8.2 Where two (or more) joint liquidators are appointed it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute between them may be referred to the court, the committee or a meeting of creditors.
- 8.3 If the appointed liquidator is a solicitor and employs his own firm to act in the insolvency, profit costs may not be paid unless authorized by the committee, the creditors or the court.
- 8.4 There may also be occasions when creditors will agree to make funds available themselves to pay for the liquidator to carry out tasks which cannot be paid for out of the assets, either because they are deficient or because it is uncertain whether the work undertaken will result in any benefit to creditors. Arrangements of this kind are sometimes made to fund litigation or investigations into the affairs of the insolvent company. Any arrangements of this nature will be a matter for agreement between the liquidator and the creditors concerned and will not be subject to the statutory rules relating to remuneration.

9. Provision of information – additional requirements

In any case where the liquidator is appointed on or after 1 April 2005 he must provide certain information about the time spent on the 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 liquidator or staff assigned to the case;
- for each grade of staff, the average hourly rate at which they are charged out;
- the number of hours spent by each grade of staff in the relevant period.

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the liquidator'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 liquidator, and requests must be made within two years from vacation of office.

**Personnel Plus (Recruitment) Limited (in Administration)**

**Report to Creditors & Statement of Proposals**

**APPENDIX XII**

- **Form 2.20B / Proxy Form**

## Notice of a meeting of creditors

Name of Company <b>PERSONNEL PLUS (RECRUITMENT) LIMITED (IN ADMINISTRATION)</b>	Company number <b>04413503</b>
In the <b>HIGH COURT OF JUSTICE</b>	Court case number <b>17307 / 2009</b>

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

Notice is hereby given by (a) Simon Franklin Plant and Daniel Plant of SFP, 9 Ensign House, Admirals Way, Marsh Wall, London, E14 9XQ

(b) Insert full name and address of registered office of the company

that a meeting of the creditors of (b) Personnel Plus (Recruitment) Limited (in Administration) whose registered office address is 9 Ensign House, Admirals Way, Marsh Wall, London, E14 9XQ

(c) Insert details of place of meeting

is to be held at (c) the offices of SFP, 9 Ensign House, Admirals Way, Marsh Wall, London, E14 9XQ

(d) Insert date and time of meeting

on (d) 23 September 2009.

\*Delete as applicable

The meeting is:


- \*(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ("the Schedule");
- \*~~(2) an initial creditors' meeting requested under paragraph 52(2) of the Schedule;~~
- \*~~(3) to consider revisions to my proposals under paragraph 54(2) of the Schedule;~~
- \*~~(4) a further creditors' meeting under paragraph 56 of the Schedule;~~
- \*~~(5) a creditors' meeting under paragraph 62 of the Schedule.~~

I invite you to attend the above meeting.

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented.

In order to be entitled to vote under Rule 2.38 at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

Signed

  
Joint / Administrator(s)

Dated 3 September 2009

A copy of the \*proposals ~~/revised proposals~~ is attached

\* Delete as applicable

## Proxy (Administration)

## Personnel Plus (Recruitment) Limited (In Administration)

Name of Creditor \_\_\_\_\_

Address \_\_\_\_\_

Name of Proxy Holder

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on 23 September 2009 at 11:00am at the offices of SFP, 9 Ensign House, Admirals Way, Marsh Wall, London, E14 9XQ or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

## Voting Instructions for resolutions

\*Please delete as appropriate

1. "That the Joint Administrators Statement of Proposals dated 25 August 2009 be approved"

For/Against \*Delete as appropriate

\_\_\_\_\_

\_\_\_\_\_

2. For the appointment of

\_\_\_\_\_

of

\_\_\_\_\_

representing \_\_\_\_\_

This form must be signed

Signature \_\_\_\_\_ Date \_\_\_\_\_

Name in CAPITAL LETTERS \_\_\_\_\_

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

\_\_\_\_\_

\_\_\_\_\_

Remember: there may be resolutions on the other side of this form