

2.24B**Administrator's progress report**

Name of Company

Chilton New Homes Limited in administration

Company number

04847317

In the High Court of Justice, Chancery Division
Leeds District Registry

[full name of court]

Court case number
868 of 2008

We

Richard Dixon Fleming
KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United KingdomMark Granville Firmin
KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

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

from

17 June 2008

to

16 December 2008

Signed



Joint Administrators

Dated

14 January 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

Michael Lewis
KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
DX Number 724440Tel
DX Exchange Leeds

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





**Chilton New Homes Limited
(in administration)**

**Progress Report to
Creditors pursuant to Rule
2.47 of the Insolvency
(Amendment) Rules 2003**

KPMG LLP
14 January 2009
This report contains 7 pages

rdffjr/dc/lf



Notice: About this Report

This Report has been prepared by Richard Dixon Fleming and Mark Granville Firmin, the Joint Administrators of Chilton New Homes Limited solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in Chilton New Homes Limited.

Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this Report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report to any such person.

Richard Dixon Fleming is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association. Mark Granville Firmin is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales.

The Joint Administrators act as agents for Chilton New Homes Limited and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the administration.



Glossary

Administration Order	The Administration Order granted by the High Court of Justice, Chancery Division, in respect of Chilton New Homes Limited dated 17 June 2008. Court Administration Order number 868 of 2008.
the Company	Chilton New Homes Limited (company registered number 04847317)
Administrators or the Joint Administrators	Richard Dixon Fleming and Mark Granville Firmin of KPMG LLP
the Bank	Barclays Bank plc
the Directors	David Durling Capricorn Homes Limited



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1 Introduction

Further to my Report and proposals dated 8 August 2008, I set out below my six month progress Report. This Report provides an update on the progress of the administration since my appointment and covers the period from 17 June 2008 to 16 December 2008.

As previously reported, pursuant to the filing of the intention to appoint an Administrator by the Company's Director, Richard Dixon Fleming and Mark Granville Firmin of KPMG LLP were appointed Joint Administrators by an Order granted by the High Court Justice, Chancery Division on 17 June 2008.

Richard Dixon Fleming is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association. Mark Granville Firmin is authorised to act as insolvency practitioner by the Institute of Chartered Accountants in England and Wales.

In accordance with Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, the functions of the Joint Administrators may be exercised by either or both of them.

In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986, the Joint Administrators set out their proposals for achieving the purpose of the administration and for the conduct of the administration which are attached in Appendix 4 of this Report.

The Report also includes certain information required to be provided to creditors in accordance with Rule 2.33 of the Insolvency (Amendment) Rules 2003.

The appropriate statutory information is set out in Appendix 1.

Receipts and payments period account up to 16 December 2008 is enclosed in Appendix 2 and form 2.24 – Abstract of receipts and payment up to 16 December 2008 is included in Appendix 3.

The Joint Administrators estimate that there will be no funds available to the unsecured creditors other than a potential dividend under the Prescribed Part rules. Therefore, in accordance with Paragraph 52 of Schedule B1 of the Insolvency Act 1986, the Joint Administrators did not hold an initial creditors' meeting.



2 Background and events leading to the Administration Order

As previously reported, the Company was incorporated in 2003 and its main purpose was land development in Rickmansworth, Hertfordshire. The Company operated from leasehold premises in London and Sheffield.

During the months leading up to our appointment the Company's cash position became untenable due to the downturn in the property market as the Company was unable to realise the remaining assets which consisted primarily of new build residential houses.

The Company attempted to raise additional funds to improve its cash flow position. However, the Company could not secure satisfactory arrangements with its stakeholders to fund the cash requirement and in the face of sustained creditor pressure the Directors concluded that the business could not continue to trade and took steps to place the Company into administration.

3 Purpose, initial strategy and progress of the administration to 16 December 2008

3.1 Purpose of the administration

Paragraph 3(1) of Schedule B1 of the Insolvency Act 1986 states that the Administrator of a company must perform his functions with the objective of:

- (a) rescuing the company as a going concern; or*
- (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up; or*
- (c) realising property in order to make a distribution to one or more secured or preferential creditors.*

The objective as set out in Paragraph 3(1)(a) rescuing the Company (legal entity) as a going concern is not possible due to the high level of liabilities incurred.

The Joint Administrators do not anticipate any dividend to unsecured creditors and so the objective as set out in Paragraph 3(1)(b) is unlikely to be achieved.



The objective of this administration is therefore that which is set out in Paragraph 3(1)(c), realising property in order to make a distribution to one or more secured or preferential creditors.

3.2 Initial strategy and asset realisation

As outlined in our previous report, immediately upon their appointment, the Joint Administrators' representatives attended the Company's premises in Sheffield to take control of the business.

The initial stage of the Administration focused on contacting the original agents to continue the marketing of the properties in Rickmansworth to both the general public and property developers.

Independent property advisors were instructed to aid the Joint Administrators ascertain the value of the assets of the business.

3.3 Sale of completed properties

The completed properties consist of four 3 bedroom houses and one 4 bedroom house.

In order to sell newly completed properties, the Joint Administrators were required to arrange structural building insurance. These insurance policies are normally tailored to trading companies within the house-building sector and detailed and lengthy negotiations have been necessary in order to register the Company and the Joint Administrators under an approved warranty scheme.

A suitable policy for all parties is currently being finalised.

The Joint Administrators have already agreed sales on four of the properties that, subject to building insurance, are expected to complete shortly.

3.4 Statutory investigations

In accordance with the Joint Administrators' statutory duties, an investigation into the conduct of the Directors has been undertaken, and a return submitted to the Department of Trade and Industry.



4 Cost of realisations

4.1 Administrators' remuneration

The basis of the Administrators' fees is time properly spent at KPMG LLP's standard hourly rates. These rates are included in Appendix 4 to this Report.

In the period from our appointment to 16 December 2008, we have incurred time costs of £79,453 representing 365 hours at an average rate of £218 per hour. This includes tax, VAT, employee, pensions and health and safety advice from KPMG LLP in-house specialists.

No fees or disbursements have been drawn during the period up to 16 December 2008. The Joint Administrators do not envisage there being sufficient realisations to cover their time costs in full.

In accordance with Statement of Insolvency Practice 9, a breakdown of these costs and expenses for each grade of staff is attached as Appendix 5.

Further information is given in the Association of Business Recovery Professionals' publication a Creditors' Guide to Administrators' Fees, a copy of which is enclosed as Appendix 6.

Please note that all staff who have worked on this assignment, including cashiers and secretarial staff have charged time directly to the assignment and are included in the analysis of time spent. However, the cost of staff employed in central administration functions is not charged directly to this assignment but is reflected in the general level of charge out rates.

4.2 Professional fees

We have engaged DLA Piper LLP as our legal advisers. The legal fees will be incurred as a result of work in connection with asset realisations and in support of the Administrators' fulfilling their statutory duties.

Trend and Thomas Estate Agents have been retained by the Joint Administrators to market the properties. We have also engaged GVA Grimley as our agents to assist with the valuations of the properties.

5 Estimated outcome for creditors

5.1 Secured creditors

Given the current uncertainty in the UK housing market, it is difficult to estimate the total realisations expected from property sales. However, the Joint Administrators anticipate that the secured creditor will suffer a shortfall

5.2 Preferential creditors

The Joint Administrators are not aware of any preferential claims against the Company.

5.3 Non-preferential creditors and prescribed part

As previously reported, there will be insufficient funds available for a dividend payment to be made to the unsecured creditors of the Company.

The Prescribed Part which applies to non-preferential, unsecured creditors may apply in this case as the debentures held by the secured creditor were registered after 15 September 2003.

The availability of distribution via a Prescribed Part is directly dependent on the floating charge realisations. However, at this time, the Joint Administrators do not anticipate any dividend to unsecured creditors under the Prescribed Part rules.

6 Initial creditors' meeting

As stated above, on the basis of current information the Joint Administrators do not anticipate that there will be sufficient funds to enable a distribution to be made to unsecured creditors.

Therefore, in accordance with Paragraph 52(1) of Schedule B1 of the Insolvency Act 1986, a meeting of creditors will not be convened unless 10% in value of creditors request it, within 12 days.

No such request was received and accordingly, the Proposals attached in Appendix 4 are deemed accepted.



7 Future conduct of the Administration

It is proposed that the Joint Administrators will continue to manage the affairs, business and property of the Company in order to achieve the purpose of the administration. This will include:

- sale of five completed houses in Rickmansworth;
- dealing with unsecured creditors claims;
- dealing with statutory reporting and compliance obligations; and
- finalising the Administration.

7.1 End of administration

Pursuant to paragraph 76(i) of schedule B7, the Administration will automatically end on 16 June 2009, although it can be extended by application to the Court or creditors. In the event that the purpose of the Administration cannot be completed by 16 June 2009, the Joint Administrators will either seek an extension of time to complete the Administration or place the Company into other insolvency proceedings to enable any remaining issues to be resolved.

If and where appropriate, the Joint Administrators cease to act, they will seek to organise the voluntary or compulsory winding up of the Company or the approval of a voluntary arrangement under Part I of the Insolvency Act 1986 or the striking off of the Company from the Register of Companies, whichever is deemed appropriate.

8 Administrators' proposals

Administrators' proposals are stated in Appendix 4 to this Report.



9 **Statement concerning the EC Regulations**

The EC Council Regulations on Insolvency Proceedings apply to this Administration and the proceedings are main proceedings. This means that this administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Union Member State.

A handwritten signature in black ink, appearing to read 'R. Fleming'.

Richard Dixon Fleming
Joint Administrator



Appendix 1 – Statutory Information

Company Name	Chilton New Homes Limited
Date of Incorporation	28 July 2003
Company number	04847317
Previous registered office	63 Curzon Street London W1 8PD
Present registered office	KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW
Trading address	53 Queen Street Sheffield S1 2DU
Authorised share capital	100 Ordinary Shares of £1 each
Called up share capital	99 Ordinary Shares of £1 each
Shareholders	Capricorn Homes Limited
Directors	Capricorn Homes Limited David Durling
Company secretary	Kumar Vakil
Employees	None
Previous names	Chiltern New Homes Limited



Chilton New Homes Limited (in administration)
Progress Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules
2003
KPMG LLP
14 January 2009

Appendix 2 – Receipts and payments period account from 17 June 2008 to 16 December 2008

Chilton New Homes Limited
(In Administration)

Administrators' Abstract Of Receipts And Payments
To 16 December 2008

	Fixed Charge £	Floating Charge £	Total £
RECEIPTS			
Sundry refunds		167.13	167.13
Floating ch. VAT control		41.47	41.47
	0.00	208.60	208.60
PAYMENTS			
Freehold property	2,000.00		2,000.00
Bank charges	112.10		112.10
Statutory advertising		236.95	236.95
Rates		4,395.22	4,395.22
Other property expenses		90.00	90.00
Insurance of assets		23,493.75	23,493.75
Bank charges		5.10	5.10
Floating ch. VAT rec'able		74.74	74.74
	2,112.10	28,295.76	30,407.86
Balances in Hand	(2,112.10)	(28,087.16)	(30,199.26)
	0.00	208.60	208.60



Chilton New Homes Limited (in administration)
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Appendix 3 – Form 2.24 Abstract of Receipts and payments up to 16 December 2008

RECEIPTS		£
Brought forward from previous Abstract (if Any)		0.00
Sundry refunds		167.13
Floating ch. VAT control		41.47
Carried forward to		208.60
* continuation sheet / next abstract		
PAYMENTS		£
Brought forward from previous Abstract (if Any)		0.00
Freehold property		2,000.00
Bank charges		112.10
Statutory advertising		236.95
Rates		4,395.22
Other property expenses		90.00
Insurance of assets		23,493.75
Bank charges		5.10
Floating ch. VAT rec'able		74.74
Carried forward to		30,407.86
* continuation sheet / next abstract		

* Delete as appropriate

* Delete as appropriate

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the administrator since he was appointed.



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Appendix 4 - Form 2.24 – Abstract of receipts and payments up to 16 December 2008



Appendix 5 – Administrators’ proposals

The Joint Administrators propose the following resolutions:

RESOLUTION (1):

- to continue to do all such things reasonably expedient and generally exercise all their powers as Joint Administrators as they, in their discretion, consider desirable in order to maximise realisations from the assets of the Company;
- to investigate and, if appropriate, pursue any claims that the Company may have;
- to seek an extension to the administration period if deemed necessary by the Joint Administrators;
- when it is anticipated that no better realisations will be made in the administration than would be available in a winding up, to take the necessary steps to put the Company into either Creditors’ Voluntary Liquidation or Compulsory Liquidation or Company Voluntary Arrangement as deemed appropriate by the Joint Administrators; in the event the Joint Administrators deem that liquidation is not appropriate because, for example, no dividend will become available to creditors and there are no other outstanding matters that require to be dealt with in a liquidation, then the Joint Administrators shall file the appropriate notices at Companies House and the Company will subsequently be dissolved;
- in the event that Creditors’ Voluntary Liquidation is deemed appropriate, the Joint Administrators be permitted to seek the appointment of Richard Dixon Fleming and Mark Granville Firmin of KPMG LLP as Joint Liquidators of Chilton New Homes Limited, without any further recourse to creditors and that they may act jointly and severally in their duties. 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 the proposals are approved; and
- upon the appointment of a Liquidator or Supervisor or the filing of an appropriate notice at Companies House, the Administrators will cease to act and the Administrators will be discharged of all liabilities at that point as detailed in Paragraph 98 of Schedule B1 of the Insolvency Act 1986.

RESOLUTION (2):

- the Joint Administrators be authorised to draw fees on account from the assets of Chilton New Homes Limited from time to time during the period of the administration based on time properly spent at KPMG LLP charge out rates that reflect the complexity of the assignment. Also, that the Joint Administrators be authorised to draw disbursements from time to time to include category two disbursements;



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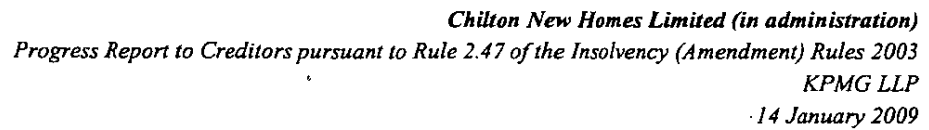
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- that any costs incurred by KPMG LLP prior to appointment, but for the sole purpose of assisting and advising the Company in respect of the appointment process, be authorised on the same basis as above; and
- that any costs of KPMG LLP in respect of Tax, VAT, Pensions, Health & Safety and Forensic advice provided to the Joint Administrators be based upon time costs and shall be paid out of the assets of Chilton New Homes Limited.



Appendix 6 – Administrators' time costs to 16 December 2008

Reporting period:		17 June 2008 to		19 December 2008			
SIP 9 Compliant fees worksheet							
Consolidated time spent by grade							
Activity		Partner/Director	Management	Administrators	Total Hours	Total Cost £	Average Rate £
Administration & planning							
Appointment related formalities		-	9.00	16.00	25.00	5,010.00	200.40
Statutory Receipts & Payments		-	-	0.50	0.50	102.50	205.00
Bonding & bordereau		-	-	0.20	0.20	19.00	95.00
Reports to debenture holders		0.20	17.00	9.40	26.60	6,383.50	239.98
Checklists & Reviews		1.00	6.00	1.75	8.75	2,617.50	299.14
Shareholder correspondence		-	-	4.00	4.00	600.00	150.00
Fees & WIP		-	0.50	-	0.50	145.00	290.00
		1.20	32.50	31.85	65.55	14,877.50	226.96
Investigation							
Questionnaires & checklist		-	-	1.00	1.00	150.00	150.00
D Form drafting/submission		0.50	18.00	37.35	55.85	11,000.00	196.96
		0.50	18.00	38.35	56.85	11,150.00	196.13



	Fees drawn	Hours/Costs to date
B/f	-	-
In the period	-	364.55 79,452.50 217.95
C/f	-	364.55 79,452.50 217.95

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.



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Expenses

	£
Bordereau bond	1,056.00
Total expenses	1,056.00

KPMG Charge out rates as at 17 December 2008

Grade	Hourly rate from 1 October 2007 onwards (£)	Hourly rate from 1 October 2008 onwards (£)
Partner	465	465
Director	400	400
Senior Manager	365	365
Manager	290	290
Senior Administrator	205	205
Senior Administrator (Tax)	180	180
Administrator	150	150
Support	95	95

Appendix 7 – A creditor’s guide to Administrators’ fees – England and Wales

A CREDITORS’ GUIDE TO ADMINISTRATORS’ FEES 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;



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- the effectiveness with which the Administrator appears to be carrying out, or to have carried out, his duties;
 - the value and nature of the property which the Administrator has to deal with.
- 4.2** If there is no creditors' committee, or the committee does not make the requisite determination, the Administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee would. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the Administrator.
- 4.3** There are special rules about creditors' resolutions in cases where the Administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets. In this case a resolution of the creditors shall be taken as passed if, and only if, passed with 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.

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 judgment 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



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- 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 sub-contractors, 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.