

The Insolvency Act 1986

Administrator's progress report

Name of Company

Sustainable Villages Limited

Company number

5042222

In the

High Court of Justice, Chancery Division,
Companies Court

Court case number

4100 of 2014

(a) Insert full
name(s) and
address(es) of
administrator(s)We (a)
Finbarr Thomas O'Connell
Smith & Williamson LLP
25 Moorgate
London
EC2R 6AYAdam Henry Stephens
Smith & Williamson LLP
25 Moorgate
London
EC2R 6AY

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

From

To

(b) Insert date

(b) 19 June 2014

(b) 18 December 2014

Signed

Joint Administrators

Dated

16 January 2015

SATURDAY



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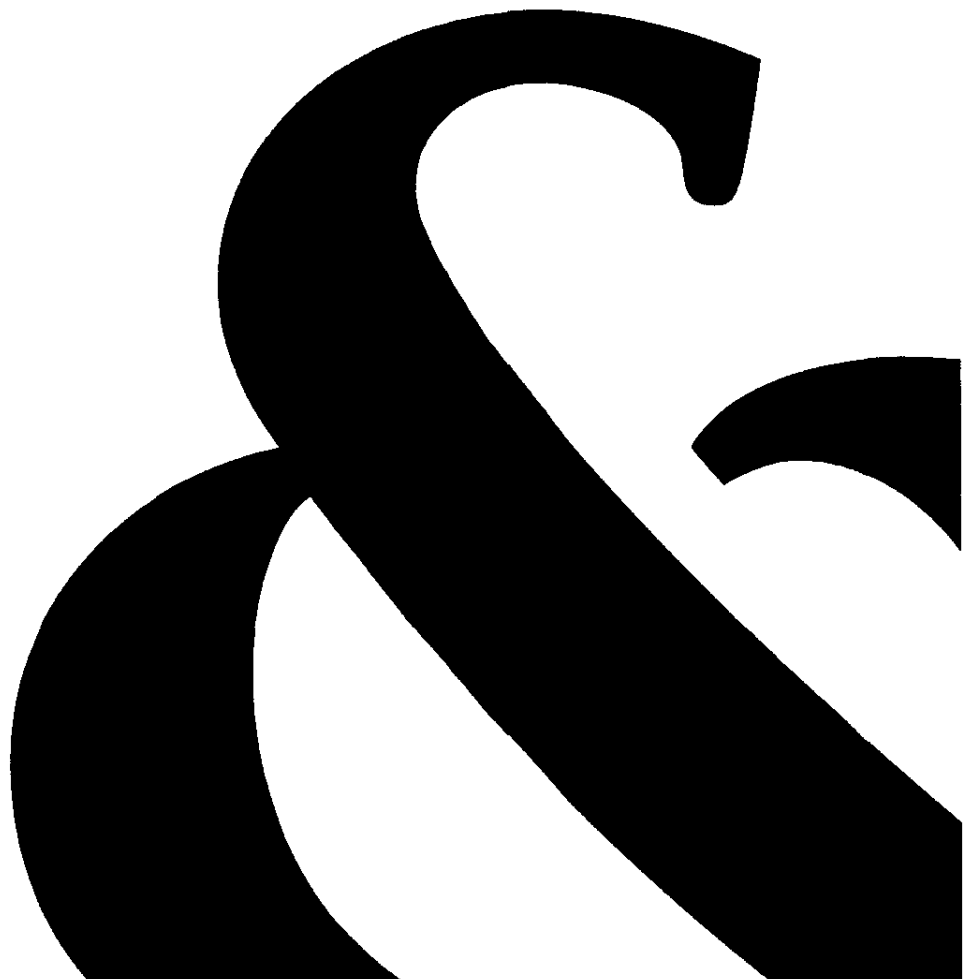
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COMPANIES HOUSE

Sustainable Villages Limited (in administration)

Joint administrators' progress report
for the period from 19 June 2014 to
18 December 2014

15 January 2015



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1. Glossary

Abbreviation	Description
the Company	Sustainable Villages Limited
the administrators/joint administrators	Finbarr Thomas O'Connell and Adam Henry Stephens
SIP	Statement of Insolvency Practice (England & Wales)
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
Sch B1	Schedule B1 to the Insolvency Act 1986 If preceded by P this denotes a paragraph number
IR86	Insolvency Rules 1986 If preceded by R this denotes a rule number
SOA	Statement of Affairs
ETR	Estimated to realise
CVA	Company Voluntary Arrangement
CVL	Creditors' Voluntary Liquidation
HMRC	HM Revenue & Customs
QFCH	Qualifying Floating Charge Holder – a secured creditor who has the power to appoint an administrator
RPS	Redundancy Payments Service
S&WEBC	Smith & Williamson Employee Benefits Consultancy, a division of Smith & Williamson Financial Services Limited
S&WFS	Smith & Williamson Financial Services Limited
FCA	Financial Conduct Authority
Note	The IA86 and IR86 have been subject to a number of significant amendments since their original issue, including a number of substantial and important changes in April 2010. References to IA86 and IR86 in this report are to the legislation as it applies to this case.

2. Introduction

This report provides an update on the progress in the administration of the Company for the six month period ended 18 December 2014. It should be read in conjunction with any previous reports. By way of reminder, we, Finbarr Thomas O'Connell and Adam Henry Stephens, of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY, were appointed administrators of the Company on 19 June 2014.

Appendix I contains information in respect of the Company and the administrators that is required under the IR86.

3. Points of note

Appointment

- The Company entered into administration on 19 June 2014. We, Adam Henry Stephens and Finbarr Thomas O'Connell were appointed joint administrators of the Company.
- The Company's principal assets at the time of our appointment were as follows.
 - Cash at bank;
 - Shareholding interests in two subsidiaries being:
 - Sustainable Villages (Homes) Limited ("SVHL")
 - Sustainable Villages (Energy) Limited ("SVEL")
 - Certain intellectual property relating to the subsidiaries' business (which broadly comprised certain documents and non-disclosure agreements).

Pre-pack sale details

- Shortly after our appointment, a pre-packaged sale of certain of the Company's assets was completed. The assets sold can be summarised as:
 - the shares in SVHL, and
 - the intellectual property owned by the Company and relating to SVHL's business.

The consideration which was received in relation to the sale can be summarised as

- £5,000.00 cash, and
- A 17% shareholding in the purchasing company (called E-Riser Ltd).

There are certain people who have an involvement in both E-Riser Ltd and the Company. The nature of their involvement is listed later on in this document. The Company's interest in SVEL was not sold.

- The details of this sale have previously been notified to creditors via a report dated 25 June 2014. This report was prepared to satisfy certain insolvency compliance obligations (and is often referred to as the SIP 16 report).

Post appointment matters

- A meeting of creditors called and subsequently held on the 22 August 2014 approved the administrators' proposals circulated to creditors on 7 August 2014.
- Work since the sale has focussed on dealing with certain post sale completion matters, work around a prospective company voluntary arrangement, and undertaking our regulatory responsibilities (including drafting this report).
- The Company has over £1m of unsecured creditors. Circa £40,000 of these are to third parties unconnected with the Company. These have been personally guaranteed by one of the directors of the Company.

- It is anticipated that the realisations of the Company's assets will be insufficient to enable a dividend to unsecured creditors. However, it is anticipated that a company voluntary arrangement will be proposed by the administrators to enable creditors to benefit the Company's interest in E-Riser Ltd.

There are some £40,000 of unconnected creditors of the Company. Resolution of their position (whether by settlement by the guarantor or otherwise) remains outstanding and is the main reason why a Company Voluntary Arrangement has not yet been proposed.

4. Progress of the administration

As stated in the Joint Administrators' proposals, a pre-packaged sale of certain assets of the Company was completed on 19 June 2014 to E-Riser Limited, the administrators sent a letter to creditors on 26 June 2014 to provide information on the sale pursuant to the requirements of SIP 16, Pre-packaged Sales in Administration. If you wish to receive a further copy of this letter please contact Liam Clarke on 020 7131 4909 or by email to liam.clarke@smithwilliamson.co.uk

The consideration for the transaction comprised a) cash of £5,000 (plus VAT, where applicable) and b) a 17 % shareholding in E-Riser Limited (see below). The allocation of the cash consideration is broken down by asset category as follows:

Asset Category	Allocation of Consideration £
Intellectual Property	4,999
SVHL Shares	£1
Total	5,000

The cash consideration was received in full by the joint administrators' solicitors on completion, and subsequently transferred to the Company account within the period.

Provision of the share certificates corresponding to the shares in E-Riser have also been received in the period.

The sale and purchase agreement included certain provisions relating to a sales price to be achieved in the event of a sale of the Company's shareholding in E-Riser Ltd. These include the provision that if the majority of the shareholders in E-Riser wish to sell their holdings then E-Riser Ltd will ensure that the Company's holding is included in such a sale and with the same equivalent sales price achieved.

4.1. Pre-packaged sale – connected party purchaser details

The purchaser was E-Riser Limited ('E-Riser'). This is a connected party for the reasons set out below. Therefore and in accordance with SIP 13, we set out certain further details.

E-Riser was a newly incorporated company established by John Bryan Wybrew who is a director of and shareholder in the Company. It was set up solely with the intention of acquiring the Company's assets. Mr Wybrew was at the time of the transaction sole shareholder and director of E-Riser, this has subsequently changed in light of the acquisition to the following.

Director	Connection with the Seller (the Company)	Connection with the Purchaser (E-Riser)*
John Bryan Wybrew	Director, 9% Shareholder, & Creditor	Director & 20% Shareholder in E-Riser Ltd
John East	Director, 21% Shareholder, & Creditor	Director & 21% Shareholder in E-Riser Ltd
Roger Walker	Director, 14% Shareholder, & Creditor	Director & 42% Shareholder in E-Riser Ltd

* the balancing 17% shareholding in E-Riser is owned by the Company

The purchaser was independently advised on the transaction, and further details on the sale process can be found in our report to creditors of 26 June 2014.

4.2. Cash at bank

£11,844.54 was realised in the period by the joint administrators from the Company's pre administration bank account

4.3. Assets still to be realised

The Company is the sole shareholder of SVEL which historically was involved with the development of so-called ecologically friendly energy power plants ("Energy Plants") These would create power utilising locally sourced municipal and household waste as fuel. SVEL had undertaken research and development into the construction of the systems to be utilised in these Energy Plants. Much like the Home Business situation, it appears to be the case that some of the SVEL's activities involved the Company (collectively the "Energy Business").

A review of the information provided to the joint administrators both pre and post our appointment, has not identified any patents or copyrights, registered or pending relating to the SVEL's products or ideas. In addition the SVEL had no order book for the possible product offerings, and no equipment or stock of product items

We have therefore not been able to identify an interested party for these shares, and as such they have not been sold

If any creditor is interested in purchasing them, then they should contact the administrators forthwith

4.4. Administration Strategy

Subject to the finalisation of the Company's pre administration tax affairs and the unconnected creditors' claims detailed in the directors' SOA being resolved (by way of settlement by the guarantor or otherwise), it is anticipated that the only creditor claims against the Company will be creditors who are connected with the Company

The joint administrators have been in discussions with the former management about the possibility of the Company proposing a CVA. The majority of the Company's creditors have been consulted on this prospect. A key matter relates to the resolution of the claim of unconnected creditor claims. Negotiations involving the Company's former management, the guarantor of these debts, and the creditors remain ongoing.

A CVA is a formal procedure introduced by Part 1 IA86 which enables a company to agree with its creditors how their debts should be paid and in what proportions. It requires the approval of a majority of 75% or more in value of the creditors voting by proxy or in person on the resolution to implement the CVA creditors. It is essentially a contract between the Company and its creditors and also requires the approval of the Company in general meeting (i.e. approval by the Company's shareholders).

Once approved, a CVA binds all creditors who received notice of the meeting and were entitled to vote at it, whether they actually did vote or not. It also binds creditors who did not receive notice but would have been entitled to vote if they had received notice. There are special provisions for valuing the votes of creditors who are connected with the company.

It is anticipated that this mechanism would enable creditors in the Company to benefit from any future upside in the Company's interest in E-Riser Limited.

Should the CVA be approved by creditors then a term of the CVA would be that the joint administrators return the Company to the directors and terminate the CVA and the administration.

The Company would effectively return to being a holding company for the shares in SVEL and E-Riser with a compromise agreement established to deal with the possible return to the Company's investor creditors should E-Riser Limited become successful.

It is the joint administrators' belief that should such a CVA be approved then it would be possible for the primary statutory purpose of an administration as detailed in P 3(1)(a) of Sch B1 of IA 86 to be achieved.

5. Investigations

Under the Company Directors Disqualification Act 1986 we have a duty to make a submission to the Secretary of State for Business, Innovation and Skills on the conduct of all those persons who were directors at the date the Company entered administration or who held office at any time during the three years immediately preceding the administration.

We have complied with our duty in this regard. As all submissions are strictly confidential we are unable to disclose their content.

Shortly after appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting, or as a response to our request to complete an investigation questionnaire. Our investigations have not revealed any issues requiring further report.

6. Pre-administration costs

At the creditors' meeting held on 22 August 2014, the creditors approved the following amounts in respect of pre-administration costs as costs of the administration

Recipient	Brief description of services provided	Amount approved £	Amount paid £	Amount outstanding £
Gallant Maxwell LLP	Legal advice re sale of business, and appointment formalities	1,100	1,100	-
Sanderson Weatherall LLP	Valuation and disposal advice	2,000	2,000	-
Smith & Williamson LLP	Pre-administration time costs	10,000	-	10,000

7. Administrators' remuneration

At the creditors' meeting held on 22 August 2014 the creditors approved that the basis of the administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the administration

The administrators' time costs are:

Period	Total hours hrs	Total costs £	Average hourly rate £/hr	Fees drawn £
19 June 2014 – 18 December 2014	102 85	30,931 25	300 74	-

Attached as Appendix III, is a time analysis which provides details of the activity costs incurred by staff grade during the period of this report in respect of the costs fixed by reference to time properly spent by the administrators and their staff in attending to matters arising in the administration. Details of work carried out in the period are also included in the appendix

A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from the R3 website at the following address.

http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov2011.pdf

Details of Smith & Williamson LLP's charge out rates and policies in relation to the use of staff are provided at Appendix IV.

8. Administration expenses

8.1. Subcontractors

We have not utilised the services of any subcontractor in this case

8.2. Professional advisers

On this assignment we have used the professional advisers listed in section 6 above, in respect of the pre-packaged sale of certain Company' assets.

8.3. Administrators' disbursements

We have paid and/or incurred the following disbursements in the current period.

Description	Incurring to date	Paid to date	Total costs outstanding
	£	£	£
Administrators' bonds	140 00	-	140 00
Company Searches	30 28	-	30 28
Statutory Advertising	150 00	150 00	-
Online reporting	50 00	50 00	-
Total	365.59	200.00	170.28

Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid

8.4. Category 2 disbursements

Approval to recover the Category 2 disbursements shown above was given by the creditors was granted by creditors who voted in person and by proxy at the creditors' meeting held on 22 August 2014

No Category 2 disbursements have been incurred and/or paid in the current period

8.5. Other expenses

Other expenses (i.e. those not detailed in the preceding sections) paid during the period covered by this report are shown in the receipts and payments summary at Appendix II.

8.6. Policies regarding use of third parties and disbursement recovery

Appendix IV provides details of Smith & Williamson LLP's policies in relation to the use of subcontractors and professional advisers, and the recovery of disbursements

9 Estimated outcome for creditors

9.1. No secured or preferential creditors

Secured creditors - There are no charges or debentures registered against the Company at Companies House, and we have not been informed of any other forms of security. For these reasons, we are of the view that the Company has no secured creditors.

As the Company did not grant any floating charges, the Prescribed Part requirements do not apply.

Preferential creditors - The Company did not have any employees and as such the Company has no preferential creditor claims.

9.2. Unsecured creditors

Unsecured creditors are estimated to be £1,269,783 in the directors' SOA. As detailed previously, the vast majority of these are connected parties. As envisaged by the CVA, one of the directors settles the Company's debts to the remaining unconnected parties (estimated in the directors' SOA to be £42,030) then the entire constituency of creditors can be characterised as connected party ones.

It is anticipated that the realisations of the Company's assets will be insufficient to enable a dividend to be paid to unsecured creditors. An Estimated Outcome Statement summarising the position is attached at Appendix IV.

However, if the claims against the Company are in line with the estimates provided within the directors' SOA, then it is envisaged that the joint administrators will propose to exit the administration via a CVA. It is anticipated that this will therefore allow the creditors to benefit in the longer terms from the Company's interest in E-Riser and SVEL.

10. Outstanding matters

The remaining actions to be concluded in the administration are as follows:

- If appropriate, propose a CVA,
- Obtaining tax clearance;
- Closure of the administration, including preparing and issuing the final report

11. Ending the administration

The options available to the joint administrators for the exit from administration are as follows:

- Compulsory Liquidation;
- Creditors' Voluntary Liquidation,
- Company Voluntary Arrangement,
- Return of control to the directors;

- **Dissolution**

It is envisaged that the administration will end by exiting via a CVA. Should the ability to propose an CVA (as envisaged above) not come in to fruition, or the CVA proposal is rejected by the creditors, then the joint administrators will look to convert the administration to Compulsory Liquidation (or Creditors' Voluntary Liquidation if asset realisations do allow for a distribution to creditors).

11.1. If a CVA is Proposed

As detailed in the joint administrators' proposals, in order to rescue the Company as a going concern, the most appropriate exit route from administration will hopefully be achieved through a CVA.

The administrators have considered the various options available to the Company for achieving the purpose of the administration. On the basis of information received and the alternative options available to creditors, it would appear that this option, if accepted by creditors, will give a greater return to creditors generally than any of the other options available.

Should the joint administrators conclude that a CVA is the most appropriate exit route they will issue suggested terms of the CVA proposal in due course

11.2 If a CVA is not proposed

It is proposed that, if the joint administrators form the opinion that a CVA is not possible, or a proposed CVA is rejected by creditors, the administrators will use their discretion to exit the administration by way of one of the following means:

- If having realised the assets of the Company, the administrators think that a distribution will be made to the unsecured creditors, they may file a notice with the Registrar of Companies which will have the effect of bringing the appointment of the administrators to an end and will move the Company automatically into CVL in order that the distribution can be made, but only if they consider that the associated incremental costs of a CVL are justified. In these circumstances, it is proposed that the administrators will become the joint liquidators of the CVL. The acts of the joint liquidators may be undertaken by either or both of them
- Creditors have the right to nominate alternative liquidators of their choice. To do this, creditors must make their nomination in writing to the administrators prior to these proposals being approved. Where this occurs, the administrators will advise creditors and provide the opportunity to vote. In the absence of a nomination, the administrators will automatically become the joint liquidators of the Company in the subsequent CVL
- If the administrators have, with the permission of the court, made a distribution to unsecured creditors, or they think that the Company otherwise has no property which might permit a distribution to its unsecured creditors, subject to there being a need for further investigations as described below, they will file a notice, together with their final progress report, at court and with the Registrar of Companies for the dissolution of the Company. The administrators will send copies of these documents to the Company and its creditors. The administrators' appointment will end following the registration of the notice by the Registrar of Companies
- Under the insolvency legislation liquidators have greater powers to bring actions for civil claims than administrators. Consequently, if the administrators believe there are

matters requiring further investigation by a liquidator or the Official Receiver, or that there are civil claims with a good prospect of success that may be pursued by a liquidator, but not by an administrator, the Company may be placed into CVL or wound up by the court as a compulsory liquidation and the administrators are authorised to take the necessary actions relating to either of the options.

- In these circumstances the administrators shall exercise their sole discretion in deciding whether the Company should be placed into CVL or wound up through the court.

The administrators will be discharged from liability under P98(3) of Sch B1 immediately upon their appointment as administrators ceasing to have effect

Authorisation for discharge from liability was granted by the creditors in person and by proxy at the creditors' meeting held on at the meeting of creditors on 22 August 2014

12. Creditors' rights

Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors or otherwise with the court's permission) may request in writing that the administrators provide further information about their remuneration or expenses which have been itemised in this report.

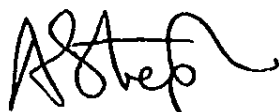
Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for the administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the administrators, as set out in this report, are excessive

These rights apply only to matters which have not been disclosed in previous reports.

Further information regarding creditors' rights is available on application to the administrators.

13. Next report

We are required to provide a further report on the progress of the administration within one month of the end of the next six month period of the administration unless we have concluded matters prior to this, in which case we will write to all creditors with our final report



**Adam Henry Stephens
and Finbarr Thomas O'Connell**
Joint Administrators
Date: 15 January 2015

I Statutory information

Relevant Court	High Court of Justice, Chancery Division, Companies Court
Court Reference	4100 of 2014
Trading Name(s)	N/A
Trading Addresses	N/A
Former Name(s)	N/A
Registered Office	25 Moorgate, London, EC2R 6AY Formerly - Lindeyer Francis Ferguson, North House, 198 High Street, Tonbridge, Kent, TN9 1BE
Registered Number	5042222
Joint Administrators	Finbarr Thomas O'Connell and Adam Henry Stephens both of 25 Moorgate, London, EC2R 6AY (IP No(s) 7931 and 9748) In accordance with P100 (2) Sch B1 1A 86 a statement has been made authorising the Joint Administrators to act jointly and severally
Date of Appointment	19 June 2014
Appointor	The directors of the Company

II Receipts and payments account

Statement of Affairs £		From 19/06/2014 To 18/12/2014 £	From 19/06/2014 To 18/12/2014 £
	ASSET REALISATIONS		
1 00	Shares & Investments	1 00	1 00
4,848 00	Cash at Bank	11,844 54	11,844 54
4,999 00	Intangibles Connected to Subsidiaries	4,999 00	4,999 00
3,145 00	VAT Receivable	NIL	NIL
	Bank Interest Gross	8 12	8 12
		<u>16,852 66</u>	<u>16,852 66</u>
	COST OF REALISATIONS		
	Pre Appointment Legal Fees	1,000 00	1,000 00
	Pre Appointment Legal Expenses	100 00	100 00
	Pre Appointment Agents Fees	2,000 00	2,000 00
	Statutory Advertising	150 00	150 00
	Bank Charges	8 70	8 70
	Online Reporting	50 00	50 00
		<u>(3,308 70)</u>	<u>(3,308 70)</u>
	UNSECURED CREDITORS		
(42,030 00)	Unconnected Creditors	NIL	NIL
(1,227,753 00)	Connected Creditors	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	DISTRIBUTIONS		
(1,981 00)	Ordinary Shareholders	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
<u>(1,258,771.00)</u>		<u>13,543.96</u>	<u>13,543.96</u>
	REPRESENTED BY		
	VAT Receivable Flt Chg		640 00
	Clients Deposit (Int Bear)		<u>12,903 96</u>
			<u>13,543.96</u>

II.1 Notes and further information required by SIP 7

- No payments have been made to us from outside the estate
- Details of significant expenses paid are provided in the body of our report.
- Details of payments made to sub-contractors are shown in the body of our report
- Information concerning our remuneration and disbursements incurred is provided in the body of the report
- Information concerning the ability to challenge remuneration and expenses of the administration is provided in our report.
- All bank accounts are interest bearing

- There are no foreign currency holdings
- All amounts in the receipts and payments account are shown exclusive of VAT. VAT is expected to be payable / recoverable on all transactions in the estate subject to VAT. In the event of any variations to this, such amounts would be disclosed as irrecoverable VAT.

III Time analysis for the period

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner	Associate director	Manager/ Assistant Manager	Senior Administrator/ Administrator	Assistants & support staff			
Administration and planning								
Statutory returns, reports & meetings	0 00	16 90	47 15	0 00	0 00	64 05	19 690 75	307 43
Initial post appointment notification letters, including creditors	0 00	0 20	2 00	0 00	0 00	2 20	644 00	292 73
Cashiering general, including bonding	0 00	0 00	1 30	0 50	0 00	1 80	352 75	195 97
Job planning reviews and progression (inc 6 month reviews and planning meetings, checklist & diary)	0 00	3 90	8 25	0 00	0 00	12 15	3,794 25	312 28
Post appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related)	0 00	0 30	0 50	0 00	0 00	0 80	253 50	316 88
Filing, file and information management	0 00	0 00	0 25	0 15	0 00	0 40	93 75	234 38
Agents and advisers general	0 00	0 20	0 35	0 00	0 00	0 55	173 75	315 91
Filing Administration and planning	0 00	0 00	0 50	0 00	0 00	0 50	142 50	285 00
Director/manager review, approval and signing	0 20	0 00	0 40	0 00	0 00	0 60	205 75	342 92
Other	0 00	0 00	4 10	0 00	0 00	4 10	1 163 50	283 78
Investigations								
Directors correspondence & conduct questionnaires	0 00	0 60	0 35	0 00	0 00	0 95	321 75	338 68
SIP2 and SIP4 obligations (inc CDDA86 forms)	0 00	0 00	1 10	0 00	0 00	1 10	313 50	285 00
Realisation of assets								
Cash at Bank	0 00	0 00	1 70	0 00	0 00	1 70	484 50	285 00
Liaising with agents (general)	0 00	0 00	0 35	0 00	0 00	0 35	99 75	285 00
Filing realisation of assets	0 00	0 00	1 25	0 00	0 00	1 25	356 25	285 00
Other	0 00	0 20	0 00	0 00	0 00	0 20	74 00	370 00
Creditors								
Unsecured creditors	0 00	1 90	5 55	1 60	0 00	9 05	2 524 75	278 98
Corporate Tax								
Corporate Tax	0 00	1 10	0 00	0 00	0 00	1 10	242 25	220 23
Total	0 20	25 30	75 10	2 25	0 00	102 85	30,931 25	300 74
Pre-Appointment								
AML, Conflict & ethics checks, engagement letters	0 00	0 00	0 30	4 70	0 00	5 00	775 00	155 00
Initial meetings	0 00	0 00	1 75	0 00	0 00	1 75	498 75	285 00
Company searches and background checks	0 00	0 00	0 00	0 55	0 00	0 55	82 50	150 00
General advisory work insolvent	0 00	0 00	1 50	0 00	0 00	1 50	427 50	285 00
Appointment formalities	0 00	1 70	3 35	0 55	0 00	5 60	1 666 25	297 54
Preparation of pre appointment documents	0 00	0 40	3 25	0 35	0 00	4 00	1,126 75	281 69
Pre-pack sale of business	0 00	25 50	18 70	1 55	0 00	45 75	14,997 00	327 80
Job planning	0 00	0 00	3 00	0 35	0 00	3 35	907 50	270 90
File and information management	0 00	0 00	5 50	0 20	0 00	5 70	1 597 50	280 26
Director/manager review approval and signing	0 00	0 00	0 50	0 00	0 00	0 50	142 50	285 00
Other	0 00	0 00	2 65	0 20	0 00	2 85	759 75	266 58
Total	0 00	27 60	40 50	8 45	0 00	76 55	22,981 00	300 21

III.i Explanation of major work activities undertaken

Administration and Planning

This section of the analysis encompasses the cost of the administrators and their staff in complying with their statutory obligations, internal compliance requirements, and certain matters. This work includes the following:

- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising, including preparing reports to stakeholders – due to the requirements of SIP16, and discussions relating to the possibility of pursuing an administration exit strategy via a CVA. A significant amount of time costs have been incurred in drafting the report relating to the sale of the Company's assets and the joint administrators proposals
- Protection of company's assets and records (including electronic)

- Dealing with routine correspondence.
- Dealing with agents on general appointment matters, not relating to the sale of assets or correspondence with advisers on investigation matters.
- Maintaining physical case files and electronics case details on IPS (case management software).
- Case bordereau and reviews
- Case planning; administration; and general case progression, including any adjustments in administrators' strategy.
- Maintaining and managing the administrators' cash book and bank accounts.
- Ensuring statutory lodgements and tax lodgements obligations are met
- Submitting VAT returns and Corporation Tax returns (when due)
- Dealing client identification and internal Smith & Williamson LLP compliance requirements

Investigations

Investigations include work carried out as a consequence of the obligations placed upon us to investigate the Company's affairs. The work undertaken is that described in SIP2 and SIP4 which govern both the investigations of the Company's failure and also examine the conduct of the directors. This work includes the following.

- Investigating the reasons for the failure of the Company (including enquiries with the company's directors).
- Review and investigation of stakeholders' responses into the failing of the business and actions of company's directors.
- Discussions and correspondence with relevant personnel and agents.
- Review and storage of books and records
- Preparing a return/report pursuant to the Company Directors' Disqualification Act.
- Discussions and correspondence with relevant personnel and agents.

Realisation of assets

This section is in relation to the realisation of the Company's assets, which is explained in detail through the contents of our report. The work undertaken post-appointment (see overleaf for pre-appointment work) was

- Miscellaneous asset realisation (i.e. cash at bank), outlined in the contents of the report
- Dealing with certain VAT and tax matters relating to the sales process. This includes sourcing certain records

Creditors

Work under this section includes correspondence and other contact with the creditors of the Company. The work includes the following:

- Dealing with creditor correspondence via email and telephone.
- Preparing reports to creditors
- Maintaining creditors' information on IPS

Pre Appointment

This section includes matters leading up to the appointment of administrators. The work includes the following.

- Discussions/meetings with the Company regarding proposed administration and the logistics of appointment
- Preparation of appointment documents and lodgement at Court
- Internal strategy and planning meetings regarding logistics of administration appointment.
- Preparation of initial statutory appointment notifications to be issued immediately upon appointment
- Instructing agents Sanderson Weatherall LLP, in respect of a valuation of the Company's assets.

A significant amount of the time relates to the pre-pack sale, (45.75 hours), which is explained in detail through the contents of this report. The work relating to this included the following.

- Liaising with the interested parties and prospective purchasers. These discussions (as noted earlier) were extended over a longer period of time than envisaged
- Discussions with our sales agents including in respect of the most appropriate sales strategy and tactics to conclude the sale as soon as reasonably practicable
- Sales negotiations, including sales contract negotiations and drafting.
- Discussions with our legal advisors in respect of the sales documentation and subsequently in relation to tax matters.
- Sourcing information necessary for the sale.
- Instructing/liasing with solicitors Gallant Maxwell LLP, to advise on various matters regarding the proposed administration and the possibility / mechanics of any potential sale.

IV Staffing, charging, subcontractor and adviser policies and charge out rates

Introduction

Detailed below are:

- Smith & Williamson LLP's policies in relation to.
 - Staff allocation and the use of subcontractors
 - Professional advisers
 - Disbursement recovery

Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a partner and a partner or associate director as joint office holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services utilised in the period covered by this report are set out in the body of this report.

Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including:

- The industry and/or practice area expertise required to perform the required work
- The complexity and nature of the assignment
- The availability of resources to meet the critical deadlines in the case
- The charge out rates or fee structures that would be applicable to the assignment
- The extent to which we believe that the advisers in question can add value to the assignment

Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Since 7 July 2012 Smith & Williamson LLP's policy is to recover only one type of Category 2 disbursement, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 disbursements.

Details of any Category 2 disbursements incurred and/or recovered in the period covered by this report are set out in the body of this report.

Charge out rates

The rates applicable to this appointment are set out below. There have been no changes to the charge out rates during the period of this report.

A schedule of Smith & Williamson LLP's charge out rates was issued to creditors at the time the basis of the administrators' remuneration was approved.

The rates applicable to this appointment are set out below. Changes to the charge out rates during the period of this report were applied with effect from 1 July 2014.

Smith & Williamson LLP Restructuring & Recovery Services Charge out rates	London office £/hr		Regional offices £/hr	
	From 1/7/13	From 1/7/14	From 1/7/13	From 1/7/14
Partner	480	480	350	350
Associate Director	370	370	295-325	295-325
Managers	235-310	235-310	190-285	190-290
Other professional staff	150-235	150-235	110-170	120-175
Support & secretarial staff	85	85	28-75	60-135

Notes

1. Time is recorded in units representing 3 minutes or multiples thereof.
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
3. The firm's cashing function is centralised and London rates apply.

Smith & Williamson LLP Corporate Tax Department Charge out rates	From	
	1/7/13	1/7/14
Partner	470 - 535	485 - 550
Associate Director	350 - 360	360 - 370
Managers	175 - 295	185 - 305
Other professional staff	80 - 155	85 - 250
Support & secretarial staff	50 - 60	60

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Principal offices: London, Belfast, Birmingham, Bristol, Dublin, Glasgow, Guildford, Manchester, Salisbury, Cheltenham and Southampton

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