

Rule 2.33

Form 2.17B

The Insolvency Act 1986

Statement of administrator's proposals

2.17B

Name of Company: The Exchange Insurance Company Ltd	Company number: 05147639
In the: High Court of Justice, Chancery Division <div style="text-align: right;">[full name of court]</div>	Court case number: 11328 of 2009

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

~~I/~~ We, (a) Neil John Mather and Christopher Morris of Begbies Traynor (South) LLP, 32 Cornhill, London, EC3V 3BT

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

* Delete as applicable

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

(b) 28 April 2009

(b) Insert date

Signed: _____

Joint Administrators

Dated: _____

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

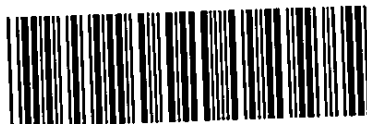
Begbies Traynor (South) LLP	
32 Cornhill, London, EC3V 3BT	
	Tel: 020 7398 3800
Fax Number: 020 7398 3799 (Fax)	DX Number:

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

WEDNESDAY



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29/04/2009

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COMPANIES HOUSE

Neil John Mather and Christopher Morris appointed joint administrators on 5 March 2009

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents without personal liability.

The Exchange Insurance Company Ltd (In Administration)

Report and Proposals of the joint administrators under the provisions of Paragraph 49 of Schedule B1 to the Insolvency Act 1986

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	The Exchange Insurance Company Ltd (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Insolvency Act 1986 on 5 March 2009
"the joint administrators"	Neil John Mather and Christopher Morris both of Begbies Traynor (South) LLP, 32 Cornhill, London, EC3V 3BT
"the Act"	The Insolvency Act 1986, as amended
"the Rules"	The Insolvency Rules 1986, as amended
"the creditors"	All preferential creditors and all unsecured creditors
"preferential creditor"	Any creditor of the Company whose claim is preferential within Section 386 of the Insolvency Act 1986 as at 5 March 2009 being the date the Company entered administration.
"unsecured creditor"	Any person (other than a preferential creditor) who has, or claims to have, any claim against the Company (whether the claim be present, future or contingent or prospective and whether liquidated or for damages and whether arising in contract or tort or otherwise) in connection with or arising from any matter occurring prior to 5 March 2009.

2. STATUTORY INFORMATION

Date of Incorporation:	8 June 2004
Company registered number:	05147639
Registered office:	32 Cornhill, London, EC3V 3BT
Trading address:	Paddon House, 12 Stortford Road, Great Dunmow, Essex CM6 1DA and 3rd Floor, 3 America Square, London EC3N 2LR
Principal business activities:	Insurer
Trading names:	The Exchange Insurance Company Limited
Directors:	Francis Speight, Graeme Colville Stephen, John Patrick Dowling, Nigel Glaister, John Gerard Anthony Higgins, Peter William Lane, John Walley
Company Secretary:	Graeme Colville Stephen
Auditors:	Moore Stephens LLP
Share capital:	£2,893,402
Shareholders:	Brae Group Holding Limited, Pa Nolan, Domhnal Slattery, Gerard Martin Purcell, Patrick Shovlin, Michael William Howson, John Michael Kelly, Grahame Chilton, Gordon Norman Alan Dron, Bruce Charles Davidson, Harry Smart, Mark Geoffrey Tetley, Paul James Higgins, Andy Hood, Nigel Glaister, Constem Limited, Matt Kenton, Richard Hood, Terry Freeman, Matt & Andrea Penton, Philip Holden, Sean Lyne, Andrew Brannon, Mark James Shiels Dean Harry Schulberg, Debbie Stephens, Nigel Pearce.

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of joint administrators:	Neil John Mather and Christopher Morris, both Partners and Licensed Insolvency Practitioners of Begbies Traynor (South) LLP, 32 Cornhill, London, EC3V 3BT
Date of administrators' appointment:	5 March 2009
Court:	11328 of 2009
Person(s) making appointment / application:	Directors
Acts of the joint administrators:	The joint administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency:	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows:

- "3 (1) 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 (without first being in administration), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- (2) Subject to subparagraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.
- (3) The administrator must perform his functions with the objective specified in subparagraph (1)(a) unless he thinks either:
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in subparagraph (1)(b) would achieve a better result for the company's creditors as a whole.
- (4) The administrator may perform his functions with the objective specified in subparagraph (1)(c) only if:
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in subparagraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole."

4. CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF ADMINISTRATORS

The Exchange Insurance Company Limited ("ExCo") is a European specialist general insurer authorised and regulated by the Financial Services Authority ("FSA"), with headquarters in the City of London. ExCo also maintains an administrative operations centre in Essex and an administrative office in Dublin.

ExCo was incorporated on 8th June 2004 and approved by the Financial Services Authority on 12th May 2005, as a non life general insurance company.

ExCo's principal product is the Exchange Bond® which is a financial guarantee provided by the Company on behalf of residential property buyers in lieu of cash deposit.

The business introduced the concept of the Exchange Bond® into the UK residential (and overseas) property market and ExCo had developed its presence in the UK new build market with a view to expanding into the general residential property market over time.

ExCo's product is accepted by major developers throughout the UK including but not limited to George Wimpey, Barrat, Crosby Homes, Higgins and the like. It also expanded its operations abroad into Ireland and Europe.

Gross premiums written in the years ended 31st December 2008, 2007 & 2006 were £2,064,776, £2,922,357 and £906,674 respectively.

The effects of the deterioration of the economy from the summer of 2007 onwards including the well publicised problems of the property market directly affected and ultimately lead to the demise of ExCo's business. The issues were in summary:-

- A reduction in the amount of new mortgages;
- A reduction in the availability of credit to individuals seriously undermining the ability of homeowners to generate funding (via equity release loans);
- A dramatic decrease in property values;
- A fall in loan to value ratios;
- Lenders in the new build market applying significant down valuation criteria on their surveyors; and
- The general public becoming increasingly concerned about employment prospects and therefore choosing not to invest in property.

This resulted in a significantly higher number of claims being received compared to Company forecasts, as well as a fall in the value of new premiums being received. As a consequence of these two factors, the Company exhausted all of its cash resources. By the time of Administration, the Company had no cash at all and employees had not been paid for the previous two months.

During the course of 2008 the Company's financial position deteriorated and in August 2008 various investors in the Company loaned an additional £850,000, which is secured on the Company's subrogated debtor book. The debtor book comprises amounts owed to the Company where payments have been made by ExCo to developers once bonds have been claimed against because the party buying the property has failed to complete. In those circumstances ExCo pursues the policy holder to reclaim the deposit that the Company has had to pay out to the developer.

These debts are the principal asset of the Company now, with a book value of £3.16million, however the debts have proved extremely difficult to recover, and subsequently contributed to the Company's insolvency.

Several parties expressed an interest in acquiring the Company and refinancing it over the past year. One of those was a substantial international insurance business, which carried out extensive due diligence and negotiations in the months leading up to the Company's administration.

The directors were confident that a sale would materialise and the Company would be refinanced. However in early February the prospective purchaser advised that it was no longer interested in acquiring the Company. As a result, the Company consulted Begbies Traynor. We advised that as the Company had no cash to pay its liabilities as and when they fall due, then it should immediately cease to trade and enter insolvency proceedings.

The directors advised us that there was an additional interested party who they believed wanted to acquire the shares in the Company and to refinance ExCo. That Company was owned by individuals based in Moldova, and so it was likely that the FSA would take a period of time in which to confirm that the acquirers were authorised to act as controllers of a UK insurance business.

In light of the ongoing interest in acquiring the shares of the Company and refinancing it, it was decided that administration was the most appropriate procedure, with the objective of rescuing the Company as a going concern.

Following the Company consulting Begbies Traynor, we liaised with the FSA to keep them informed of the position. As in all FSA regulated insurers, it is a requirement of the Financial Services and Market Act 2000, that the FSA give their consent to the choice of administrator. I confirm that the required consent to the appointment of Neil John Mather and Christopher Morris was obtained from the FSA. An application was then made to the Court for a hearing, and the Administration order was made on 5 March 2009.

5. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration to date, incorporating our projected outcome for creditors.

The only receipts received to date is the credit balance of the Ulster Bank Account for €576.20 and one month's rent in respect of the Flack End property in Cambridge.

6. JOINT ADMINISTRATORS' PROPOSALS

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above.

We initially considered that the most appropriate objective to pursue in this case was that specified in subparagraph 3(1)(a), namely rescuing the Company as a going concern. At the date of our appointment there was an interested party who had been liaising with the directors of ExCo for a considerable amount of time, their intention was to recapitalise the Company and continue as a going concern. The plan was for the Joint Administrators to maintain ExCo's infrastructure intact for three months until the interested party gained FSA approval and the recapitalisation could be completed. This required the interested party to deposit £250,000 with the Administrators to pay for the costs of the three month period. Unfortunately, after two weeks of negotiation the interested party failed to comply and did not provide the agreed funding for the Administrators to trade ExCo.

It was therefore decided to invite other interested parties to make offers for the whole or part of the business and assets. At present, offers have been received for the freehold premises at Great

Dunmow, and various fixed assets of the Company. These offers are at levels that will not produce a surplus for unsecured creditors.

For the reasons set out in our report, we presently consider that it is now not reasonably practicable to achieve either of the objectives specified in subparagraph 3(1)(a) and 3(1)(b), and consequently the most appropriate objective to pursue in this case is that specified in subparagraph paragraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors. We furthermore consider that pursuing this objective should not unnecessarily harm the interests of the creditors of the Company as a whole.

In accordance with paragraphs 3 and 49 of Schedule B1 of the Act, therefore, the joint administrators propose that:

- i. The Joint Administrators take all necessary actions to preserve the value of the Company's assets.
- ii. The Joint Administrators realise the assets of the Company for the benefit of the creditors and instigate any Court actions deemed of value to the Company and its stakeholders.
- iii. The Joint Administrators propose to make application to Court as they deem fit at any time for directions in relation to any particular matter arising in connection with the carrying on of their functions.
- iv. The Joint Administrators investigate any antecedent transactions which may have detrimentally affected the Company's financial position.
- v. The Joint Administrators may make a distribution to secured and preferential creditors in accordance with the requirements of the Act, and if appropriate, may make an application to the Court for payments to unsecured creditors.
- vi. The Joint Administrators exit the administration by way of either dissolution, compulsory liquidation or a creditors' voluntary liquidation at such time as the Joint Administrators consider that one or more of the purposes of the administration as set out in paragraph 3 above have been achieved. If the exit route is by way of a creditors' voluntary liquidation, it is proposed that Neil John Mather and Christopher Morris be appointed Joint Administrators of the Company.
- vi. These proposals shall be subject to such modifications or conditions as the Court may approve or impose, or any modification approved by creditors.
- viii. That, if no creditors' committee is formed, fees be fixed in accordance with Rule 2.106 of the Rules by reference to time properly given by the Joint Administrators and their staff in attending to matters arising during the administration and that they may draw their remuneration on account as and when funds permit. (Further detail is outlined later in this respect).
- ix. That the joint administrators be authorised to draw disbursements in accordance with the explanatory note on the subject, which accompanies this report.
- x. That, if necessary, the Joint Administrators may apply to creditors or to Court for an extension of the administration order.

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the Company's property.

Following these events we propose to finalise distributions to the secured creditors.

Exit from Administration

On present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 84 of Schedule B1 to the Act. Under these provisions, on the registration of a notice sent by us to the Registrar of Companies, our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the company.

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude specific issues that may not be resolved in time, e.g. the realisation of book debts. Yet Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, the administrator's term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding six months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further 6 months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

If it ultimately transpires that there are indeed surplus funds enabling a distribution to the unsecured creditors, then unless the court makes an order permitting such a distribution on our application, we will issue revised proposals for consideration by creditors dealing with the most appropriate exit strategy from the administration in those circumstances.

The revised proposals would likely confirm that we are of the opinion that the total amount which each secured creditor of the Company is likely to receive has been paid to him or set aside for him and that a distribution will be made to the unsecured creditors of the Company¹.

However as administrators we do not have a general power to make a distribution to unsecured creditors and may only do so if the court gives permission. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 83 of Schedule B1 to the Act whereby on the registration of a notice sent to the Registrar of Companies, our appointment as administrators shall cease to have effect and the company will automatically be placed into creditors voluntary liquidation. Paragraph 83(7) provides:

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (b) if no person is nominated under paragraph (a), the administrator.

We confirm that as part of our proposals we seek nomination as liquidators in the subsequent winding up of the Company. 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.

¹ Insolvency Act 1986, Sch B1, para 83(1)

The appointment of a person nominated as liquidator takes effect by the creditor's approval, with or without modification, of the administrators' proposals.

Section 176A Fund for Unsecured Creditors

Section 176A of the Act provides that, where the company has created a floating charge after 15 September 2003, the administrator must make a *prescribed part* of the company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realisation). The *prescribed part* is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part* if:

- ☐ the *net property* is less than £10,000 and he thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ he applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

Rule 2.33 of the Rules requires that our proposals for achieving the purpose of the administration shall include, to the best of our knowledge and belief, an estimate of the value of the *prescribed part* and an estimate of the value of the Company's *net property*.

We presently estimate these values as £Nil and £Nil respectively.

On present information we confirm that it is not our intention to make an application to court under section 176A(5). However we reserve our position generally in this regard should circumstances materially change.

Administrators' Remuneration

The joint administrators propose to be remunerated on the basis of their hourly costs at scale rates calculated on the time properly spent in the course of the administration and that they may draw their remuneration on account as and when funds permit. The joint administrators also seek approval to re-charge expenses in line with their firm's policy.

Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. In the absence of a creditors' committee, details of time incurred and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies.

Total time spent to date on this assignment amounts to 222.82 hours at an average composite rate of £262 per hour resulting in total time costs to date of £58,305.

On current estimates, it is unlikely that these fees can be met in full from realisations net of payments to secured charge holders.

To assist creditors in determining this matter, the following further information as regards time costs and expenses is set out at Appendix 3:

- ☐ Begbies Traynor policy for re-charging expenses
- ☐ Begbies Traynor charge-out rates
- ☐ Narrative summary of time costs incurred and summary by staff grade and work activity

In addition to the information provided at Appendix [3], a copy of the creditors' guide to Administrators' fees is available on request. Alternatively, the guide can be downloaded from http://www.begbies-traynor.com/uploads/documents/jul_08/bt_1215095179_ADM_9503.doc

In the absence of an initial meeting of creditors (see section 8 Conclusion, below) and the establishment of a creditors' committee, the joint administrators' remuneration is fixed by the approval of the secured and preferential creditors in accordance with Rule 2.106 (5A).

7. STATEMENT OF AFFAIRS

The directors' estimated statement of affairs as at 5 March 2009 is attached at Appendix 2, along with our comments. It makes no provision for the costs of the administration or any subsequent liquidation or voluntary arrangement.

8. CONCLUSION

Pursuant to paragraph 58 of Schedule B1 to the Act, the joint administrators' proposals will be considered at an initial meeting of the Company's creditors conducted by means of a postal resolution in accordance with the Notice of conduct of business by correspondence (Form 2.25B) accompanying this document.

The joint administrators presently consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than by virtue of section 176A(2)(a)).

In these circumstances the obligation to summon an initial meeting of the Company's creditors to consider the joint administrators' proposals is disapplied by paragraph 52(1). The joint administrators are therefore not empowered to summon such a meeting unless creditors, whose debts amount to at least 10% of the total debts of the Company, requisition such a meeting. Any such requisition must be in the prescribed manner in accordance with Rule 2.37 and be made within 12 days of the date on which the administrators' statement of proposals is sent out. The expenses of summoning and holding a meeting at the request of a creditor shall be paid by that person, who shall deposit with the administrators security for their payment. If no such meeting is held, then by Rule 2.33(5), the joint administrators' proposals are deemed to have been approved by the creditors.

Subject to the approval of our proposals, I will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.


N J Mather
Joint Administrator

Date:

28 April 2009

JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS
AND PAYMENTS, INCORPORATING ESTIMATED
OUTCOME FOR CREDITORS

APPENDIX 1

JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS, INCORPORATING ESTIMATED OUTCOME FOR CREDITORS

Period

Estimated to
realise per
Statement of
Affairs
£

	Receipts & Payments to date £	Anticipated Receipts & Payments £	Projected Outcome £
ASSETS SPECIFICALLY PLEDGED			
Freehold Property at Great Dunmow	-	Uncertain	Uncertain
Less: amounts due to RBS under Legal Charge	-	0	0
Mortgage	-	(486,038)	(486,038)
Overdraft	-	(353,206)	(353,206)
Surplus/unsecured deficit c/f	-	(839,244)	(839,244)
Property investments (3 other properties)	-	Uncertain	Uncertain
Less: amounts due to Lloyds TSB under mortgages	-	(532,700)	(532,700)
Surplus/unsecured deficit c/f	-	(532,700)	(532,700)
Book debts/subrogation recoveries	-	Uncertain	Uncertain
Less: amounts owed to secured investors under charge	-	(845,626)	(845,626)
Surplus/unsecured deficit c/f	-	(845,626)	(845,626)
Realisation Expenses			
Administrator's fees	-	(35,000)	(35,000)
Valuer's Fees	-	(5,000)	(5,000)
Expenses	-	(16,000)	(16,000)
Insurance	-	(1,500)	(1,500)
Net Realisations	-	(3,653,396)	(3,653,396)
	-	(5,870,966)	(5,870,966)
ASSETS NOT SPECIFICALLY PLEDGED			
Property investments surplus b/f	-	-	-
Cash at Bank	516	-	516
Rental Income from property investments	795	10,140	10,935
Office Furniture and Equipment	-	12,850	12,850
	1,311	22,990	24,301
Payments			
Administrator's disbursements	-	(300)	(300)
Administrator's fees	-	(50,000)	(50,000)
Bank charges & Sundry	-	(100)	(100)
Bordereau (statutory bond)	-	(264)	(264)
Insurance	-	(4,000)	(4,000)
Legal fees	-	(8,000)	(8,000)
Mail redirection	-	(50)	(50)
Statutory advertising	-	(500)	(500)
Available for preferential creditors	1,311	(40,224)	(38,913)
Arrears of wages and holiday pay	-	(15,200)	(15,200)
Net property	1,311	(55,424)	(54,113)
Prescribed part of net property set aside for unsecured creditors	-	-	-
Available for floating charge holder	1,311	(55,424)	(54,113)
Lloyds TSB Bank Plc	-	-	-
	1,311	(55,424)	(54,113)
Summary of balances held:			
Fixed charge	-	-	-
Floating charge	1,311	-	-
	1,311	-	-
Held as:			
Barclays Business Bank	1,311	-	-
VAT	-	-	-
	1,311	-	-
Summary of outcome for unsecured creditors:			
Fixed charge	-	-	(5,870,966)
Prescribed part of net property set aside for unsecured creditors	-	-	0
Less: costs associated with prescribed part	-	-	0
Floating charge	-	-	(54,113)
	-	-	(5,925,079)

DIRECTOR'S ESTIMATED STATEMENT OF AFFAIRS

As at 5 March 2009

Rule 2.29

Form 2.14B

Statement of affairs

Name of Company: The Exchange Insurance Company Ltd	Company number: 05147639
In the: High Court of Justice, Companies Court, Chancery Division <small>[full name of court]</small>	Court case number: 11328 of 2009

(a) Insert name and address of
registered office of the Company

Statement as to the affairs of (a) The Exchange Insurance Company Ltd, 32 Cornhill, London, EC3V 3BT

on the (b) 5 March 2009, the date that the company entered administration.

(b) Insert date

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 5 March 2009, the date that the company entered administration.

Full name: CRAEME COLVILLE STEPHEN

Signed: 

Dated: 16/3/09

A – Summary of Assets

Assets

Assets subject to fixed charge:

	Book Value £	Estimated to Realise £
Paddon House, 12 Stortford Road, Great Dunmow	535,000	650,000
Paddon House Improvements	471,182	0
21 Flack End, Cambridge	225,000	225,000
23 Flack End, Cambridge	225,000	225,000
105 Griffin Court, Gravesend	160,000	160,000
Subrogation Recoveries	3,163,179	1,850,000

Assets subject to floating charge:

Subrogation recoveries	254,587	150,000
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Uncharged assets:

Improvements to 3 America Square, London	35,984	0
Computer Equipment	27,378	0
Office Equipment	9,198	0
Furniture & Fixtures	16,160	0
Computer Software	150,855	0
Intangible assets – trademarks	10,045	0
Investments in Subsidiaries	181,177	0
Trade Debtors	65,947	10,000
Inter-Company accounts	26,248	0

Estimated total assets available for preferential creditors

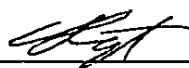
5,556,940	3,270,000
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Signature  Date 16/3/09

A1 – Summary of Liabilities

to realise		Estimated £
Estimated total assets available for preferential creditors (carried from page A)		£3,270,000
Liabilities	£	
Preferential creditors:-	2,256,648	
Estimated (deficiency)/surplus as regards preferential creditors		£1,013,352
Estimated prescribed part of net property where applicable (to carry forward)	£	
Estimated total assets available for floating charge holders		£1,013,352
Debts secured by floating charges	£	
Estimated (deficiency)/surplus of assets after floating charges		£1,013,352
Estimated prescribed part of net property where applicable (brought down)	£	
Total assets available to unsecured creditors		£1,013,352
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£ 649,267	
Estimated (deficiency)/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		£364,085
Shortfall to floating charge holders (brought down)	£	
Estimated (deficiency)/surplus as regards creditors		£364,085
Issued and called up capital	£	£5,451,910
Estimated total (deficiency)/surplus as regards members		(£5,087,825)

Signature




Date

16/3/09

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession.

[illegible]

Signature  Date 16/3/09

EXCHANGE INSURANCE CO LIMITED

Creditors	Amount of Debt Pre-administration 05-mar	Amount of Debt Invoices relating to period prior to 5th March but not recorded post-administration 05-mar	Address	Details of any security held by creditor	Date Security given	Value of security
Andrew Steven Associates	3,832		21a High Street, Great Dunmow, Essex CM6 1AB	None	n/a	n/a
Anglian Fire Protection Ltd	71		Crittal Court, Crittal Drive, Springfield Ind Estate, Braintree, Essex	None	n/a	n/a
Anser Group Ltd (Fulcrum)	11,750		Telford House, Stortford Road, Great Dunmow, Essex	None	n/a	n/a
British Telecom	452		431 Codringle House The Hyde London NW9 6LB	None	n/a	n/a
Byford & Co	6,642		Unit 1 Orger Road Trading Estate Great Dunmow Essex CM6 1EU	None	n/a	n/a
Centaur	(284)		Received Refund St Giles House 50 Poland Street London W1F 7AX	None	n/a	n/a
CIM Communications	151		131 CIM Communications, PO Box 8922, High Street, Dunmow, Essex CM6 1YU	None	n/a	n/a
CISION UK LTD	754		246 Chass House 34 Gernah Street Chesham Bucks HP5 1SJ	None	n/a	n/a
Cobweb	574		South Wing Delme Place Cerna Estate Fareham PO16 8UX	None	n/a	n/a
Consian Limited	308		12 Swift Hall Carricklines Woods Dublin 18	None	n/a	n/a
Coal Clear Water UK	80		Link House Heather Park Drive Wembley London HA0 1SS	None	n/a	n/a
CPM	107		RMG House Essex Road Huddersdon Hertfordshire EN11 0DR	None	n/a	n/a
C S Support Ltd (David Alden)	133,076		23 Stockmore Street Oxford OX4 1JT	None	n/a	n/a
DABS.COM Pte	188		Direct House Wingates Ind Park Westthorpe Bolton BL5 3XD	None	n/a	n/a
Edux Limited	8,008		188 51 Westbourne Grove London W2 4UA	None	n/a	n/a
Eldridge People Solutions	4,348		62 Malkin Drive Church Langley Harlow Essex CM17 9HL	None	n/a	n/a
Enufax Pte	10		Equifax Plc, Duncan House, Crossgate, South Shields, Tyne & Wear NE33 4QB	None	n/a	n/a
Fest Track Couriers Ltd	45		Unit 1 The Stables 2 Chalk Hill Cottages Abury Hertfordshire SG11 2LF	None	n/a	n/a
FrankComms n.b. debtor - ExCo la owed	(179)		Onslow House Chancellors Place 62 Broomfield Road Chesham CM1 1SW	None	n/a	n/a
GB-Office Group Ltd	2,638		Ranger House Etnura Road Hanley Stoke-on-Trent ST1 5NH	None	n/a	n/a
Htkomms.com	3,548		1 Allen House Park Hook Health Road Woking Surrey GU22 0DB	None	n/a	n/a
Hadden & Co	57,500		5th Floor 340 Dearsgate Manchester M3 4LY	None	n/a	n/a
Justin N MacKlin	4,390		30 The Chasse Bromley Kent BR1 3DF	None	n/a	n/a
Lloyds Corporate Cards	107		PO Box 700 Leeds LS98 2BD	None	n/a	n/a
Leonie Moffatt Expenses	89		18 Anemone Close Oxford OX4 7WD	None	n/a	n/a
Lombard Vehicle Management Ltd	1,328		Seven Brindleyplace Birmingham B1 2TZ	None	n/a	n/a
Mobitel	8,354		1,473 PO Box 480 Manchester M14 0EY	None	n/a	n/a
Moore Stephens	1,253		460 St Pauls House Warwick Lane London EC4M 7BP	None	n/a	n/a
OTM (UK) Ltd	1,881		12 Gossett Yard London WC2H 0EQ	None	n/a	n/a
Pendragon	1,881		Pendragon House Sir Frank White Road Derby DE21 4AZ	None	n/a	n/a
Phiscent Mason	141,530		Dashwood House 69 Old Broad Street London EC2M 1NR	None	n/a	n/a
Prince Recycling Ltd	60		Gowere Farm, Dunmow Road, High Rodling, Dunmow, Essex CM6 1NL	None	n/a	n/a
Property Papers Ltd	2,194		Ablon House Broad Street Bristol BS1 2HL	None	n/a	n/a
Queensbridge Management	16,708		16,708 2nd Floor 145 St Vincent Street Glasgow G2 5JF	None	n/a	n/a
Road Lane Medical Group	420		164 Blaisdiggale London EC2M 4LX	None	n/a	n/a
Royal Mail	82		Freepost Nat19821, Finance Service Centre, Royal Mail Group plc, Papyrus Road, Warrington, Peterborough, PE4 5BR	None	n/a	n/a
Safesbox Partnership LLP	418		Safesbox Partnerships LLP, Scardells Business Park, Unit 1 Padlock Road, West	None	n/a	n/a
Saracens Hotel	53		53 Watling, Cambridge CB21 5LS	None	n/a	n/a
Target Media Ltd	11,238		High street Great Dunmow Essex CM6 1AG	None	n/a	n/a
Three Valleys Water	187		Fitzroy House, 11 Chancery Street, London WC1E 7EY	None	n/a	n/a
Tower Services (London) Ltd	1,212		PO Box 48 Hatfield Herts AL10 9HL	None	n/a	n/a
Vodafone	246		274 Unit 19 Greenwich Centre Business Park, 53 Norman Road, London SE10 9QF	None	n/a	n/a
W2 Financial Solutions LLP	11,721		91 PO Box 548 Bantbury OX17 3ZJ	None	n/a	n/a
Wales & Co	3,613		23 Audin Friars London EC2N 2QP	None	n/a	n/a
Zen Internet Limited	143		26 Cubes Offices, Beacon South Quarter Sandford Dublin 18	None	n/a	n/a
Barclaycard	9,287		Moss Bridge Road, Rochford CL16 5EA	None	n/a	n/a
			Barclaycard Dept ROPS17 CC 1234 Pavilion Drive Northampton NN4 7SG	None	n/a	n/a
	448,150	20,944				

Date: 16/3/09

Name: GRAEME STEPHEN

Signature: [Signature]

EMPLOYEES

Name	Address	Date of birth	Start date	NI Number	Gross Pay	Details of any security held by creditor	Date Security given	Value of security
Greene Stephen	Mountains Farm, Philipot End Dunmow, Essex CM6 1JQ	01/09/1961	01/01/2005	WM422747B	£10,000	none	n/a	n/a
Frank Speight	39 Hallat Road, Oakwood Park, Little Dunmow Essex, CM6 3FR	13/03/1961	01/01/2005	WM095278D	£10,000	none	n/a	n/a
Andrew Harner Ex contractual bonus due 31-12-09	Little Orchard, Elmdon, Saffron Walden Essex CB11 4LT	13/03/1964	17/03/2007	NB965460B	£15,750	none	n/a	n/a
Justin Mocklin Ex contractual bonus due 31-12-09	30 The Chase Bramley, Kent BR1 3DF	12/02/1962	17/03/2007	WP060954B	£13,650	none	n/a	n/a
Tanya Pritchard	5 Emberson Court, Chelmer Village Chelmsford CM2 8TP	18/03/1960	18/02/2008	JN184627D	£5,965	none	n/a	n/a
Keran Wilson	13 Grange Road Bishop's Stortford Herts CM23 5NG	10/11/1962	28/01/2008	NA727765B	£5,053	none	n/a	n/a
Lucas Zachara	Flat 6 Landedowns Crescent London W11 2NW	10/05/1964	07/09/2007	SJ729181B	£14,700	none	n/a	n/a

Redundant 11/02/09

Linda Hitchmough	1 The Clough, Asilton in Marketfield Wigton, W4 0PW	05/10/1972	15/01/2007	NY602200A	£7,147	none	n/a	n/a
Gary Phillip Morris	28 Amblerley Way, Romford Essex RM7 8BT	16/11/1961	01/10/2006	WP008333D	£7,434	none	n/a	n/a
Cheryl O'Connor	37 New Street Halstead Essex CO8 1DD	23/03/1965	17/04/2007	JT498867D	£2,729	none	n/a	n/a
Carly Maria Peaper	10 The Triangle, Whealey, Oxford OX3 1YT	08/10/1979	03/01/2006	JN077471D	£3,733	none	n/a	n/a
Robin Relchert	16 Summ arland Grange, Summerton Gardens Muswell Hill London N10 3QP	18/03/1960	19/03/2007	JM301270C	£6,851	none	n/a	n/a
Dawn Rich	Trout Beck Farm, Stives Llekeard, Cornwall PL14 3ND	09/01/1960	22/01/2007	NP697790C	£6,894	none	n/a	n/a
Patula Sanders	Brooklands House Muttons Bridge Road Redhill Surrey RH1 5JJ	22/01/1969	01/10/2006	NR895490B	£6,895	none	n/a	n/a
Debbie Stephen	Mountains Farm, Philipot End Dunmow, Essex CM6 1JQ	24/09/1961	05/03/2007	WM387370C	£4,938	none	n/a	n/a
Kristina Stephenson	5 The Gill Penbury Kent TN2 4DJ	01/10/1981	01/10/2007	JS052661B	£8,775	none	n/a	n/a

Redundant 31/12/09

Loale Morfat	18 Anemone Close Oxford, OX4 7WD	25/05/1976	09/01/2007	JE473127D	£4,490	none	n/a	n/a
Louise Healdin	24 Marley Court, Barners Way, Wormley Broxbourne, Herts EN10 6NL	01/11/1979	14/11/2007	UJ294006C	£2,537	none	n/a	n/a

Lanvins

Richard Bardslaw	2 Knights Close Olney Bucks MK46 4JL	15/06/1973	18/06/2008	NZ555595C	£11,482	none	n/a	n/a
Ryan Hornsby	Old Orchard, Watling Lane, Thaxted Essex, CM6 2QY	22/11/1988	19/07/2007	UR027838C	£2,004	none	n/a	n/a

Signature: 

Name: GRAHAMIE STEPHEN

Date: 16/3/09

Investors - Secured lending facility

Name	Address	Amount of debt £	Details of any security held by creditor	Date security given	Value of security (book) £
Graeme Stephen	Mountains Farm, Philpot End Dunmow, Essex CM6 1JQ	392,707	Fixed and floating over Subrogation Recoveries	Aug-08	3,417,776
Debbie Stephen	Mountains Farm, Philpot End Dunmow, Essex CM6 1JQ	26,071	Fixed and floating over Subrogation Recoveries	Aug-08	3,417,776
Andrew Brannon	LCL Group Ltd., 32 Cornhill, London EC3V 3SG	52,120	Fixed and floating over Subrogation Recoveries	Aug-08	3,417,776
Constem Ltd	12 Swift Hall, Carricksmines Wood Brennanstown, Foxrock, Dublin 18 Ireland	82,834	Fixed and floating over Subrogation Recoveries	Aug-08	3,417,776
Bruce Davidson	22/1 Abercromby Place Edinburgh, EH3 6QE	11,634	Fixed and floating over Subrogation Recoveries	Aug-08	3,417,776
Gordon Dron	Knights Wood, Coronation Road Ascot, Berkshire, SL5 9HY	31,279	Fixed and floating over Subrogation Recoveries	Aug-08	3,417,776
Nigel Glalster	The Manor House, High Street Farningham, Kent, DA4 0DG	104,307	Fixed and floating over Subrogation Recoveries	Aug-08	3,417,776
Richard Hood	Charlesdale House, Monk Street Thaxted, Essex	156,589	Fixed and floating over Subrogation Recoveries	Aug-08	3,417,776
Harry Smart	Tinkers Hall Farm, Furneaux Pelham Hertfordshire SG9 0LJ	26,050	Fixed and floating over Subrogation Recoveries	Aug-08	3,417,776




Signature:.....

Name: Graeme Stephen

Date: 16/3/09

Investors - Secured lending facility

Name	Address	Amount of debt £	Details of any security held by creditor	Date security given	Value of security (book) £
Royal Bank of Scotland	62/63 Threadneedle Street, PO Box 412 London EC2R 8LA	351,199	Fixed Charge over Paddon House, 12 Stortford Road	19/12/2007	1,006,182
Royal Bank of Scotland	62/63 Threadneedle Street, PO Box 412 London EC2R 8LA	486,037	Fixed Charge over Paddon House, 12 Stortford Road	19/12/2007	1,006,182
Lloyds Banking Group	PO Box 1000, Brentwood, BX1 1LT	197,141	Fixed Charge over 21 Flack End	30/11/2007	225,000
Lloyds Banking Group	PO Box 1000, Brentwood, BX1 1LT	193,601	Fixed Charge over 21 Flack End	30/11/2007	225,000
Lloyds Banking Group	PO Box 1000, Brentwood, BX1 1LT	145,069	Fixed Charge over 21 Flack End	27/07/2007	160,000


Signature: 

Name: C. DAVEY STEPHEN

Date: 16/03/09

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No. of shares held	Nominal Value	Details of Shares held
PLEASE SEE ATTACHED SCHEDULE				
TOTALS				

Signature  Date 16/3/09

Investors

Name	Address	Number of Ordinary shares held	Nominal value	Details of Shares held
Brae Group Holdings Limited (GCS)	3 America Square, London, EC3N 2LR	805920	£1	£1 A shares
Brae Group Holdings Limited (PWL)	3 America Square, London, EC3N 2LR	805920	£1	£1 A shares
Brae Group Holdings Limited (FS)	3 America Square, London, EC3N 2LR	805920	£1	£1 A shares
Mark Geoffrey Tetley	74 Napier Court, London, SW6 3UX	2896	£1	£1
Pa Nolan	Mopoon Villa, Sydenham Road, Dublin, 14 Ireland	20893	£1	£1 B1 shares
Dorinal Slattery	16 Allesbury Road, Dublin 4, Ireland	9908	£1	£1 B1 shares
Gerard Martin Purcell	14 Herbert Street, Dublin 2, Ireland	9146	£1	£1 B1 shares
Patrick Shovlin	Turnberry, Karrynount Avenue, Foxrock, Dublin 18, Ireland	9146	£1	£1 B1 shares
Michael William Howson	Furrows, Broxstead Road, Great Easton, Dunmow, Essex, CM6 2HN	10746	£1	£1 B1 shares
John Michael Kelly	80 Tudor Place, Kenilworth, Illinois, 60043, USA	8441	£1	£1 B1 shares
Grahame Chilton	Little Mynhurst Farm, Norwood Hill, Surrey, RH6 0HR	8356	£1	£1 B1 shares
Gordon Norman Alan Dron	Knights Wood, Coronation Road, Ascot, Berkshire, SL5 8HY	10476	£1	£1 B1 shares
Bruce Charles Davidson	221 Abercromby Place, Edinburgh, EH3 6QE	10476	£1	£1 B1 shares
Harry Smart	Tinkers Hall Farm, Furneux Pelham, Hertfordshire SG9 0LJ	20953	£1	£1 B1 shares
Paul James Higgins	55 Micheldever Road, Lea, London, SE12 8LJ	8356	£1	£1 B1 shares
Andy Hood	Charlesdale House, Monk Street, Thaxted, Essex	6267	£1	£1 B1 shares
Nigel Gialster	The Manor House, High Street, Farningham, Kent, DA4 0DG	10476	£1	£1 B1 shares
Constem Limited (John Walley)	12 Swift Hall, Carricksmines Wood, Brennanstown, Foxrock, Dublin 18 Ireland	10476	£1	£1 B1 shares
Matt Kenton	8 Northaw Place, Coopers Lane, Northaw, Herts, EN8 4NQ	27318	£1	£1 B1 shares
Richard Hood	10 Furlong Way, Great Arnwell, Ware, Herts, SG12 9TF	30351	£1	£1 B1 shares
Terry Freeman	204 Norseay Road, Billericay, Essex, CM11 1DB	19351	£1	£1 B1 shares
Matt and Andrea Penton	Dwelly Farm, Dwelly Lane, Hasted, nr. Edenbridge, Kent TN8 6QA	18349	£1	£1 B1 shares
Philip Holden	Cornhill House, 32 Cornhill, London, EC3V 3SG	15063	£1	£1 B1 shares
Sean Lyne	Unit 5a, Westgate Business Park, Kilrush Road, Ennis, County Clare, Ireland	27318	£1	£1 B1 shares
Andrew Brannon	LCL Group Ltd., 32 Cornhill, London, EC3V 3SG	15062	£1	£1 B1 shares
Mark James Shiels	Church Farm House, Church Street, Rodmersham, Sittingbourne, Kent, ME9 0QD	20223	£1	£1 B1 shares
Dean Harry Schulberg	9 Bourne Road, Bushey, Hertfordshire, WD23 3NH	10118	£1	£1 B1 shares
Deborah Stephen	Mountains Farm, Philipott End, Great Dunmow, Essex CM6 1JQ	28000	£1	£1 B1 shares
Nigel Pearce	Willow Trees, Hazelwood, Chipstead, Surrey, CR5 3PF	4000	£1	£1 B1 shares
Roger Nagloff	26 Loom Lane, Radlett, Herts WD7 8AD	28000	£1	£1 B1 shares

Signature:

Name: *GLAEMIE STEPHEN*Date: *16/3/09*

DIRECTOR'S ESTIMATED STATEMENT OF AFFAIRS

Notes to the Directors Estimated Statement of Affairs.

1. The properties at Paddon House, 12a and 12b Stortford Road, Great Dunmow are subject to a fixed charge granted in favour of the Royal Bank of Scotland Plc and the properties at 21 Flack End, Cambridge, 23 Flack End, Cambridge and 105 Griffin Court, Gravesend are subject to fixed charges in favour of Lloyds TSB Plc.
2. The figures used in the statement of affairs for the book values represent the directors' view. The properties have been professionally valued subsequent to the administration by Ryden LLP, a firm of chartered surveyors. They have advised us that the realisable values are such that there is unlikely to be a surplus following the discharge of the related security and realisation costs. The valuations in the directors' statement of affairs are unlikely to be achieved.
3. Subrogation recoveries. The book value of subrogation recoveries is £3.16million and the directors' have estimated the recovery at £1.85million. The subrogated debtor book is managed and collected by LCL Group, a firm that specialise in insurance debt collections. We are advised by LCL Group that actual recoveries are may not be sufficient to pay off the secured debts of £850,000, and in any event are likely to take several years to recover. The nature of the debts is such that they arise where the debtor has been unable to pay the deposit guaranteed by the Exchange Bond. It is therefore likely that most of the defaulters may be in financial difficulty and the debts are therefore difficult to recover in full.
4. The claims of the Department of Trade and Industry represent employees' estimated claims under The Employment Rights Act 1996 in respect of arrears of pay to a maximum of £800 per employee and holiday pay which are claimed preferentially, and pay in lieu of notice, redundancy pay and arrears of pay in excess of £800 which are non-preferential.
5. Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.
6. The estimated total deficiency, including the calculation of the prescribed part, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.

JOINT ADMINISTRATORS' TIME COSTS AND EXPENSES

- a. Begbies Traynor policy for re-charging expenses;
- b. Begbies Traynor charge-out rates;
- c. Narrative summary of time costs incurred and summary by staff grade and work activity;

POLICY FOR RE-CHARGING EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Standard professional practice² requires that such charges should be disclosed to those who are responsible for approving his remuneration, together with an explanation of how those charges are made up and the basis on which they are arrived at.

DEFINITIONS

Required professional practice classifies expenses into two broad categories:

- ☐ *Category 1 expenses (approval not required)* – specific expenditure that is directly related to a particular insolvency case, where the cost of the expense incurred is referable against an independent external supplier's invoice or published tariff of charges;
- ☐ *Category 2 expenses (approval required)* – all other items of expenditure:
 - Which cannot, or cannot easily, be directly related to a particular insolvency case because there is an element of shared or allocated cost; and/or
 - Where the cost of the expense incurred is an estimated, unitised cost with the estimate based on external costs or opportunity cost.

CHARGING POLICY

- ☐ *Category 1 expenses (approval not required)* – with the exception of any items referred to below, all such items are re-charged to the case as they are incurred.
- ☐ *Category 2 expenses (approval required)*

(A) The following items of expenditure are re-charged as described:

- Internal meeting room usage for the purpose of statutory meetings of creditors is re-charged at the rate of £100 (London £150) per meeting;
- Car mileage is re-charged at the rate of 40 pence per mile;
- Storage of books and records (when not rechargeable as a *Category 1 expense*) is recharged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates;

(B) The following items of expenditure will normally be treated as general office overheads not subject to a re-charge:

- Telephone and facsimile
- Printing and photocopying
- Stationery

A re-charge may be made, however, where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*.

² Statement of Insolvency Practice 9 (SIP 9) effective from April 2007

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions.

The rates applying to the London office as at the date of this report are as follows:

Grade of staff	Charge-out Rate (£ per hour)
Partner	395-450
Senior Manager	350
Manager	300
Assistant Manager	250
Senior Administrator	220
Administrator	180

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in units of 0.10 of an hour (i.e. 6 minute units).

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME: THE EXCHANGE INSURANCE COMPANY LIMITED
CASE TYPE: ADMINISTRATION
OFFICE HOLDERS: NEIL JOHN MATHER & CHRISTOPHER MORRIS
DATE OF APPOINTMENT: 5 MARCH 2009

1 CASE OVERVIEW

- 1.1 This overview is intended to allow the body responsible for the approval of the office-holder's fees to view the quantum of those fees in the context of the case in question.
- 1.2 *Complexity of the case*
The case is a specialist insurance company regulated by the FSA. We have used our specialist team experienced in insurance matters to deal with the specific regulations required in insurance cases.
- 1.3 *Exceptional responsibilities*
There have been no exceptional responsibilities connected with the case.
- 1.4 *The office-holders' effectiveness*
The Joint Administrators continue in the process of achieving the objective set out in the report and proposals. We are currently endeavouring to control the realisation process in connection with the freehold properties and assets with a view to maximising recoveries for secured creditors of the Company.
- 1.5 *Nature and value of property in question*
To date, offers have been received for the freehold premises at Great Dunmow, and various fixed assets of the Company.
- 1.6 *Anticipated return to creditors*
It is anticipated that there will be sufficient funds available to pay a distribution to secured creditors of the Company only. This is presently uncertain as it is dependent upon the realisations in connection with the subrogated debtor book.
- 1.7 *Time costs analysis*
An analysis of time costs incurred is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average rate charged for each work type.
- 1.8 *The views of the creditors*
We also welcome information from creditors to assist us with our investigations into the conduct of the directors and the affairs of the Company in the period prior to insolvency. Please note that our report on the directors' conduct must be submitted within 6 months of the date of the Administration.

1.9 *Approval of fees*

We are requesting to be remunerated on the basis of time spent administering this case, at the rates outlined in the enclosed guide. The consent of the secured and preferential creditors is sought in this regard.

1.10 *Other professionals employed & their costs*

Our solicitors and advisers were selected on the basis of their experience of work in this field. Messrs. Pinsent Masons LLP have been so instructed. My agents, Ryden LLP and Wyles Hardy & Co Limited were chosen for their respective expertise in valuing both the freehold and leasehold property and Company assets respectively.

2 EXPLANATION OF OFFICE-HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

2.1 Begbies Traynor's policy for re-charging expenses incurred by insolvency office-holders is set out in a separate accompanying note.

2.2 The rates charged by the various grades of staff who may work on a case are also set out in a separate accompanying note.

The following table is a summary of time costs incurred by staff grade and work activity from 5 March 2009 to 22 April 2009.

		The Exchange Insurance Company Limited					
		Time Cost Analysis as at 22 April 2009					
		Hours					
	Partners	Managers	Other senior professionals	Assistants & support staff	Total hours	Time cost £	Average hourly rate
Administration & Accountancy	15.40	36.10	59.60	-	111.10	29,710	267
Planning & Control	4.60	14.35	18.80	-	37.75	10,236	271
Fixed Charge Assets	1.50	1.50	-	-	3.00	1,118	373
Floating Charge Assets	1.30	12.30	-	-	13.60	4,819	354
Trading	-	-	-	-	-	0	0
Debt Collection	0.30	-	-	-	0.30	119	395
Preferential, Unsecured & Members	2.30	-	9.35	-	11.65	2,592	222
Employee Matters	-	-	26.60	-	26.60	4,788	180
Meetings and Statutory duties	-	9.60	2.50	-	12.10	3,710	307
Reports, SoA & Statutory returns	-	-	6.75	-	6.75	1,215	180
Investigations	-	-	-	-	-	0	0
Total hours	25.40	73.85	123.60	-	222.85		
Total cost to date	10,033.00	25,747.50	22,524.00	-		58,305	262
Disbursement Costs						69	
Outstanding costs						58,373	

Rule 2.48

Form 2.25B

Notice of conduct of business by correspondence

Name of Company:
The Exchange Insurance Company Ltd

Company number:
05147639

In the:
High Court of Justice, Chancery Division
[full name of court]

Court case number:
11328 of 2009

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

Notice is hereby given by (a) Neil John Mather and Christopher Morris of Begbies Traynor (South) LLP, 32 Cornhill, London, EC3V 3BT.

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

to the creditors of (b) The Exchange Insurance Company Ltd, 32 Cornhill, London, EC3V 3BT

(c) Insert number of
resolutions enclosed

that, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed are (c) 3 resolutions for your consideration. Please indicate below whether you are in favour or against each resolution.

(d) Insert address to which
form is to be delivered

This form must be received at (d) Begbies Traynor (South) LLP, 32 Cornhill, London, EC3V 3BT

(e) Insert closing date

by 12.00 hours on (e) 12 May 2009 in order to be counted. It must be accompanied by details in writing of your claim. Failure to do so will lead to your vote(s) being disregarded.

Repeat as necessary for the
number of resolutions
attached

Resolution (1).....I am *in Favour / Against
Resolution (2).....I am *in Favour / Against
Resolution (3).....I am *in Favour / Against

*Delete as appropriate

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:

Name of creditor: _____

Signature of creditor: _____

(If signing on behalf of creditor, state capacity e.g. director / solicitor)

If you require any further details or clarification prior to returning your votes, please contact me at the address above.

Signed: 

Joint / Administrator(s)

Dated: 28 April 2009

The Insolvency Act 1986

THE EXCHANGE INSURANCE COMPANY LTD

Company Number: 05147639

Neil John Mather and Christopher Morris appointed joint administrators on 5 March 2009

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents without personal liability.

Resolutions

To accompany Notice of conduct of business by correspondence (Form 2.25B)

(Pursuant to Paragraph 58 of Schedule B1 to the Insolvency Act 1986 and Rule 2.48 of The Insolvency Rules 1986).

1. "That the joint administrators' proposals for achieving the purpose of the administration, as set out in the document entitled *Report and Proposals of the joint administrators under the provisions of Paragraph 49 of Schedule B1 to the Insolvency Act 1986*, be and hereby are approved."
2. "That the joint administrators' remuneration be fixed on the basis of their hourly costs at scale rates calculated on the time properly spent in the course of the administration and, subject to full disclosure to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies, they may draw their remuneration on account as and when funds permit."
3. "That the joint administrators be authorised to draw disbursements in accordance with the explanatory note on the subject, which accompanied the above-mentioned report".