

The Insolvency Act 1986

Notice of move from administration to dissolution

2.35B

Name of Company
Phosters FS Limited

Company number
05358126

In the High Court of Justice Worcester District Registry (full name of court)

Court case number 417 of 2013

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

We
Nickolas Garth Rimes
Rimes & Co
3 The Courtyard
Harris Business Park
Hanbury Road
Stoke Prior
Bromsgrove
B60 4DJ

Adam Peter Jordan
Rimes & Co
3 The Courtyard
Harris Business Park
Hanbury Road
Stoke Prior
Bromsgrove
B60 4DJ

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

having been appointed Joint Administrators of Phosters FS Limited, Bridge House, Riverside North,
Bewdley, Worcestershire, DY12 1AB

(c) Insert date of
appointment

on 20 November 2013

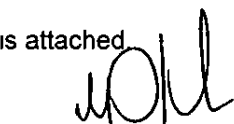
(d) Insert name of
applicant/appointor

by Peak Cashflow Limited

hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986
apply

My final progress report is attached

Signed


Joint Administrator
19 November 2014

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

Adam Jordan
Rimes & Co
3 The Courtyard
Harris Business Park
Hanbury Road
Worcestershire
Bromsgrove
B60 4DJ

01527 558 410

DX Number

DX Exchange



A28

A3L0ZTYS

20/11/2014

#71

COMPANIES HOUSE

When you have completed and signed this form, please send it to the
Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

Limited, Glasgow, Scotland

**Joint Administrators' Final Progress Report
For the Period
20 May 2014 to 19 November 2014**

Phosters FS Limited - In Administration

Any reference throughout this report to 'the Act' and 'Rules' is reference to the Insolvency Act 1986 (as amended) and Insolvency Rules 1986, unless otherwise defined

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PHOSTERS FS LIMITED – IN ADMINISTRATION

JOINT ADMINISTRATORS' FINAL PROGRESS REPORT TO CREDITORS

1. STATUTORY INFORMATION

Company name	Phosters FS Limited
Previous company name	None
Registered office	Bridge House, Riverside North, Bewdley, DY12 1AB
Former registered office	Lifford Hall, Lifford Lane, Kings Norton, Birmingham B30 3JN
Registered number	05358126
Date of incorporation	9 February 2005
Trading address	Greenbank House, Galton Way, Hadzor, Droitwich, WR9 7ER
Previous trading address	None
Principal trading activity	Maintenance and Repair of Commercial Property
Joint Administrators	Nickolas Garth Rimes & Adam Peter Jordan
Joint Administrators' address	3 The Courtyard, Harris Business Park, Hanbury Road, Stoke Prior, Bromsgrove, B60 4DJ
Date of Appointment	20 November 2013
Appointment made by	Qualifying Floating Charge Holder, Peak Cashflow Limited
Court name and reference	Worcester District Registry, Chancery Division, Court case number 417 of 2013
Joint Administrators' actions	Any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Administrators acting jointly or alone
EC Regulation	The EC Regulation applies and these proceedings are main proceedings

2. SUMMARY OF THE JOINT ADMINISTRATORS' PROPOSALS

As previously advised, an Administrator must perform his functions with the purpose of achieving one of the following statutory objectives

- rescuing the company as a going concern,
- 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
- realising property in order to make a distribution to one or more secured or preferential creditors

In our Report and Proposals, we advised that the statutory objective we were seeking to achieve was objective (c), to realise property in order to make a distribution to one or more secured or preferential creditors. We aimed to achieve this by collecting the deferred consideration due under the terms of the asset sale agreement for the sale of the business and assets of the company to Phosters (FM) Limited and we were expecting to receive surplus funds following the collection of the company's outstanding debtor ledger by the company's invoice financiers, Peak Cashflow Limited.

We can confirm the purpose of the Administration that we were able to achieve and on 24 June 2014 the sum of £16,786 was distributed to the company's secured creditors, further details of which are provided below.

The following Proposals were deemed approved 8 days after they were circulated to creditors, being 8 January 2014.

- The actions of the Joint Administrators to date are approved and that the Joint Administrators remain in office.
- They continue to manage the business, affairs and property of the company in order to achieve the purpose of Administration namely
 - realising property in order to make a distribution to one or more secured or preferential creditors
- Agree and confirm the validity of the secured creditor's charges.
- It is proposed that the exit route from Administration will be either the dissolution of the company or, if there are funds to distribute to the company's unsecured creditors, a Creditors' Voluntary Liquidation. If the company enters a Creditors' Voluntary Liquidation, it is proposed that Adam Jordan and Nickolas Rimes will be appointed as Joint Liquidators of the company.
- If there are funds available to distribute to the company's unsecured creditors, the exit route from Administration would be a Creditors' Voluntary Liquidation. If the company enters a Creditors' Voluntary Liquidation, it is proposed that the Joint Administrators will be appointed as the company's Joint Liquidators. In addition, it is proposed that any act required or authorised under any enactment by the Joint Liquidators is to be done by one or both of them. In accordance with Paragraph 83(7) of Schedule B1 to the Act "*The Liquidator for the purposes 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*" and Rule 2.117(3) of the Rules, "*where 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*".
- The Administration will continue until the Proposals have been fully implemented, as set out above. An extension will be sought if the time required concluding the Administration is likely to exceed twelve months.

- That any unpaid costs of the Administration be given priority over the costs of any future insolvency procedure
- That the Joint Administrators be discharged from all liabilities pursuant to Paragraph 98 of Schedule B1 to the Act, upon filing notice for the Liquidation or Dissolution of the company or upon termination of the Administration

3 ASSETS

Attached a **Appendix A** is a copy of our Receipts and Payments Account for the period 20 May 2014 19 November 2014 and for the Administration as a whole, showing assets realised

Sale of Business & Assets

As previously reported the business and assets of the company were sold to Phosters (FM) Limited ("FM") by way of a pre-packaged sale that was completed on 20 November 2014

The sale consideration was £37,500, of which £6,250 was due upon completion. The balance of £31,250 was to be paid in five equal monthly instalments commencing in December 2013

Details of the assets sold and the values attributed to each are as follows -

Details of Assets	Sale Consideration
	£
Intellectual Property	1
Goodwill	20,000
Office Furniture & Equipment	2,999
Motor Vehicle	3,000
Plant & Machinery	1,500
Stock and Work In Progress	10,000
Total	37,500

The sum of £6,250 was received upon completion by our solicitors, Harrison Clark Rickerbys ("HCR")

Creditors will note from **Appendix A**, that only £34,375 was received during the period of the Administration. Leaving an outstanding balance of £3,125

The outstanding balance was to be apportioned to Goodwill, an asset subject to the fixed charges in favour of Mr Taylor and Mr Heaton. It was agreed with Mr Heaton that the outstanding balance would not be paid, and rather reduce the return to Mr Heaton under the terms of his fixed charge

Factored Book Debts

Creditors will recall that the company had assigned its sales ledger under an invoice finance agreement to Peak Cashflow Limited ("Peak")

Peak recovered its indebtedness in full in May 2014 and after applying termination fees, a ledger of approved debts totalling £34,508.83 remained outstanding. Peak offered to collect these debts on our behalf without charge

Peak collected the debts and we can confirm that the sum of £24,120.04 was received since the date of our previous progress report

We can confirm that no further realisations are anticipated

Non Factored Book Debts

In addition to factored book debts, we reported the company had an outstanding non-factored sales ledger of £15,639 86. Of this amount, £15,172 89 related to a debtor that had entered Administration and we have been advised that there is no prospect of a dividend being declared to unsecured creditors.

As previously reported the balance of £466 97 which remained outstanding was not pursued further following our initial attempts as the costs involved in pursuing the amount outstanding would exceed any possible realisations.

Bank Interest

Funds have been held in an interest bearing account and £9 84 has been received gross of taxation, of which £4 05 was received during the reporting period.

4. LIABILITIES

Secured Liabilities

An examination of the company's mortgage register at Companies House showed that the company had granted

- An All Assets Debenture in favour of Peak that was created on 29 October 2012 and delivered on 9 November 2012, and confers upon the holder fixed and floating charges over the undertakings and all property and assets of the company,
- A Debenture in favour of Simon Heaton that was created on 25 May 2012 and delivered on 9 June 2012, and confers upon the holder fixed and floating charges over the undertakings and all property and assets of the company,
- A Debenture in favour of Paul Taylor that was created on 25 May 2012 and delivered on 9 June 2012, and confers upon the holder fixed and floating charges over the undertakings and all property and assets of the company.

As reported previously, there is no longer any liability to Peak, however, we understand the necessary documentation to reflect that the charge has been satisfied has yet to be filed at Companies House.

Paul Taylor and Simon Heaton are both owed £73,473 for funds invested into the company secured by way of separate private Debentures registered against the company. We have received a copy of both Debentures and have received advice as to the validity of the security held from HCR.

We can confirm on 24 June 2014 we distributed the sum of £16,876 of which £10,000 50 was distributed to Paul Taylor under the terms of his fixed charge security and £6,875 50 to Simon Heaton under the terms of his fixed charge security. The difference in amounts distributed to both Paul Taylor and Simon Heaton relates to the agreement with Simon Heaton that the outstanding sale consideration due would not be paid and would reduce the return to him under the terms of his fixed charge security.

As a result, we have achieved the statutory objective of Administration which was to realise property in order to make a distribution to one or more secured or preferential creditors.

Section 176A of the Act provides that where a 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. Net property means the amount that would, if not for this section of the Act, be available for distribution to a floating charge holder out of floating charge assets.

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, or
- The Administrator (or subsequent Liquidator) thinks that the cost of making a distribution to unsecured creditors would be disproportionate to the benefits

In our Report and Proposals, it was anticipated that the Prescribed Part provisions would apply. However, after deducting the costs of administering the Administration, the company's net property did not exceed £10,000 and therefore there was no requirement to set aside funds for the benefit of unsecured creditors under the Prescribed Part provisions.

Preferential Creditors

We are not aware of any preferential claims within the Administration. By completing a sale of the business and assets to FM, the company's contracts of employment with the employees automatically transferred to FM, reducing the level of creditors' claims in the Administration.

We can confirm no preferential claims have been received.

Crown Creditors

We have received a claim from HM Revenue & Customs in the sum of £170,137.52 in respect of VAT and a claim in the sum of £188,326.20 in respect of PAYE.

Non-preferential Unsecured Creditors

The Estimated financial position of the company included unsecured creditors (excluding HMRC liabilities detailed above) with an estimated total liability of £337,527.16. As at the date of this report we have received claims totalling £141,061.27.

5. DIVIDENDS

As detailed above, on 24 June 2014 we distributed the sum of £10,000.50 to Paul Taylor under the terms of his fixed charge security and £6,875.50 to Simon Heaton under the terms of his fixed charge security.

There were insufficient realisations to enable a dividend to be declared and paid to the company's unsecured creditors.

6. INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

As previously reported, we have complied with our duty to submit our statutory report to the Department of Business, Innovation and Skills on the conduct of the Directors in accordance with the Insolvent Companies (Report on Conduct of Directors) Rules 1996 and the Company Directors Disqualification Act 1986.

7. JOINT ADMINISTRATORS' FEES, DISBURSEMENTS AND EXPENSES

Basis of remuneration and disbursements

In our Report and Proposals, we sought agreement that the underlying basis of our remuneration and disbursements be fixed by reference to time costs properly incurred at our firm's standard charging rates and that our Category 2 disbursements be drawn in line with the firm's charging and disbursements policy circulated with the report.

The company's financial position meant that it was anticipated that there would be insufficient assets to declare a dividend to unsecured creditors other than by virtue of the prescribed part provisions, and accordingly a meeting of creditors was not convened and a meeting was not requisitioned by creditors. As the company does not have any creditors of a preferential nature, it was for the

company's secured creditors to approve the bases for drawing our remuneration and disbursements

The necessary approval was received from the company's secured creditors on 23 December 2013 and 6 January 2014

Since the approval of the bases for drawing our remuneration and disbursements, there has not been a change to the firms charge out rates and disbursement tariff A copy of this is attached at **Appendix B**

Remuneration charged and drawn

Time costs for the period to 19 November 2014 amount to £27,337 50 which represents 157 30 hours at an average hourly rate of £173 79

Of these costs, £4,087 50 representing 27 20 hours at an average hourly rate of £150 28 have been incurred during the period covered by this report

Details of our time costs charged during this period are shown at **Appendix C** We are required to provide the information in this format by Statement of Insolvency Practice 9

Creditors will note from the Receipts and Payments Account that we have drawn remuneration of £20,000 and Category 1 disbursements of £293 10

A detailed narrative description of the work undertaken during the Administration is as follows (this is not an exhaustive list)

1 Administration and Planning

- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising
- Preparing documentation required
- Dealing with all routine correspondence
- Maintaining physical case files and electronic case details on IPS case management software
- Review and storage
- Case bordereau
- Case planning and administration
- Preparing reports to shareholders and creditors

2 Cashiering

- Maintaining and managing the Joint Administrators' cashbook and bank account
- Ensuring statutory lodgements and tax lodgement obligations are met

3 Creditors

- Dealing with creditor correspondence and telephone conversations
- Preparing reports to creditors
- Maintaining creditor information on IPS case management software
- Reviewing, and adjudicating on if necessary, proofs of debt received from creditors

4 Investigations

- Review and storage of books and records
- Prepare a return pursuant to the Company Directors Disqualification Act
- Conduct investigations into certain transactions
- Review books and records to identify any transactions or actions an Administrator may take against a third party in order to recover funds for the benefit of creditors

5 Realisation of Assets

- Liaising with the company's bank regarding the closure of the account
- Collection of the company's non factored sales ledger
- Correspondence with Peak regarding the collection process of the factored book debts

- Correspondence with FM in relation to sale consideration

Disbursements incurred and drawn

Details of disbursements incurred and drawn are given in **Appendix D**

Category 1 disbursements are in respect of expenses that were directly attributable to the case
Category 2 disbursements required specific authorisation and consist of disbursements that are not specifically identifiable to the case

Expenses incurred and drawn

Details of expenses incurred and drawn are also given in **Appendix D**

The following agents or professional advisors have been utilised in this matter

Professional Advisor	Nature of Work	Fee Arrangement
Harrison Clark Rickerbys	Legal Costs	Time costs

The choice of professionals was based on our perception of their experience and ability to perform the type of work required in accordance with the complexity and nature of this assignment and the basis of our fee arrangement with them. The fees charged have been reviewed and we are satisfied that they are reasonable in the circumstances of this case.

We can confirm HCR have received £4,696.78 in connection to work undertaken during the period of the Administration.

Pre-Administration Costs

In our Report and Proposals we provided a detailed statement of the pre-administration costs and expenses incurred by us as the proposed Joint Administrators with a view to the Administration of the company. We indicated that it would be for the secured creditors to consider these costs and approve them for payment as an expense of the Administration.

Approval for the payment of pre-Administration costs was received from the company's secured creditors.

Following approval, our agents, MGR Appraisals, and our solicitors HCR have received payment of their pre-Administration costs.

8 CREDITORS' GUIDE TO FEES AND STATEMENT OF CREDITORS' RIGHTS

Further information relating to the Joint Administrators' remuneration, expenses and disbursements, including details of your rights as a creditor in this regard, may be downloaded from our website at www.rimesandco.co.uk and by clicking on 'Resources'.

An unsecured creditor may, with the permission of the Court, or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the Joint Administrators' remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the Court, or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Joint Administrators' fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to Court within the same time limit.

9. ENDING THE ADMINISTRATION


Our proposals provided for the exit from Administration to be by way of dissolution of the company

We confirm that following the filing of our Notice of Ceasing to Act by the Registrar of Companies the company will be automatically dissolved after three months and we will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Act immediately upon our appointment as Joint Administrators ceasing to have effect

The Administration is now concluded and our files will be closed

If creditors have any queries about the contents of this report or any other matter relating to this case, please contact my colleague Ansar Mahmood on 01527 558 410

Yours faithfully
For and on behalf of
Phosters FS Limited



A P Jordan
Joint Administrator

The affairs, business and property of the company are being managed by the Joint Administrators
The Joint Administrators act as agents of the company and without personal liability

Appendix A

Receipts and Payments Account for the Period from 20 May 2014 to 19 November 2014 and for the Administration as a whole.

Phosters FS Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 20/05/2014 To 19/11/2014	From 20/11/2013 To 19/11/2014
	SECURED ASSETS		
20,000 00	Goodwill	NIL	16,875 00
1 00	Intellectual Property	NIL	1 00
148,350 00	Book Debts	NIL	NIL
		NIL	16,876 00
	SECURED CREDITORS		
(73,080 00)	Peak Cashflow Limited	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
1,500 00	Plant & Machinery	NIL	1,500 00
2,999 00	Office Furniture & Equipment	NIL	2,999 00
3,000 00	Motor Vehicle	NIL	3,000 00
10,000 00	Stock & WIP	NIL	10,000 00
467 00	Non Factored Book Debts	NIL	NIL
	Factored Book Debt Surplus	24,120 04	24,120 04
	Bank Interest Gross	4 05	9 84
		24,124 09	41,628 88
	COST OF REALISATIONS		
	Pre-Administration Time Costs	NIL	3,900 00
	Joint Administrators' Remuneration	13,900 00	20,000 00
	Joint Administrators' Cat 1 Disbursements	59 00	293 10
	Pre-Administration Agent Costs	NIL	2,500 00
	Pre-Administration Legal Fees	9,583 00	9,583 00
	Pre-Administration Legal Disbs	115 00	115 00
	Post Administration Legal Fees	4,696 78	4,696 78
	Post Administration Legal Disbursements	466 00	466 00
	Statutory Advertising	NIL	75 00
		(28,819 78)	(41,628 88)
	FLOATING CHARGE CREDITORS		
(146,946 00)	Simon Heaton	6,875 50	6,875 50
	Paul Taylor	10,000 50	10,000 50
		(16,876 00)	(16,876 00)
	UNSECURED CREDITORS		
(335,399 00)	Trade & Expense Creditors	NIL	NIL
(164,986 00)	HM Revenue & Customs - PAYE/NIC	NIL	NIL
(134,783 00)	HM Revenue & Customs - VAT	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(100 00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(668,977.00)		(21,571.69)	NIL
	REPRESENTED BY		
			NIL

Phosters FS Limited – In Administration

Guidance for creditors on charge out rates and allocated disbursements

Charge out rates

It is anticipated that the following grades of personnel will work on this case. Their current charge-out rates are set out below.

Grade of personnel	Hourly charge out rate (£)
Partner	275 - 325
Manager	220 – 275
Administrator	110 - 150
Cashiering & Secretarial	50 – 110

Time is charged in units of 6 minutes. In common with other professional firms, our charge-out rates increase from time to time over the period of administration of a case. Subcontractors, if used, will be recharged at cost.

Allocated disbursements

Details of the proposed charges for which approval is required are set out below.

- Meeting room charge for statutory meetings, charged at £60 per meeting summoned (members' and creditors' meetings on the same day treated as one meeting)
- Facsimiles are charged at £1 per page and photocopying is charged at a cost of 15p per page
- Envelopes for all circulars to creditors are re-charged to the case at 20p per C4 window envelope
- Business rate mileage, at a cost of between 40p and 80p per mile in relation to the running costs of different classes of vehicle

It should be noted that the above costs might increase from time to time. However, this would only be as a result of inflationary increases or in line with increases from my suppliers.

Rimes & Co

**Time analysis for the period 20 May 2014 to 19 November 2014
and cumulative time analysis for the period from 20 November
2013 to 19 November 2014.**

Time Entry - Detailed SIP9 Time & Cost Summary

PHOS1031 - Phosters FS Limited
From 20/05/2014 To 19/11/2014
Project Code POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
AD04 General Admin / Correspondence	0.00	0.00	0.00	0.80	0.80	100.00	125.00
AD05 Cashiering	0.50	0.00	1.00	2.40	3.90	612.50	157.05
AD07 Case Review	0.00	0.00	2.50	0.00	2.50	375.00	150.00
Admin & Planning	0.50	0.00	3.50	3.20	7.20	1,087.50	151.04
CR01 Unsecured Creditors	0.00	0.00	1.00	0.00	1.00	150.00	150.00
CR05 Secured Creditor	0.00	0.00	1.50	0.00	1.50	225.00	150.00
CR07 Statutory Reporting to Creditors	0.00	0.00	9.50	0.00	9.50	1,425.00	150.00
CR09 Distribution	0.00	0.00	1.50	0.00	1.50	225.00	150.00
Creditors	0.00	0.00	13.50	0.00	13.50	2,025.00	150.00
RA02 Book Debits	0.00	0.00	5.00	0.00	5.00	750.00	150.00
RA06 Other Assets	0.00	0.00	1.50	0.00	1.50	225.00	150.00
Realisation of Assets	0.00	0.00	6.50	0.00	6.50	975.00	150.00
Total Hours	0.50	0.00	23.50	3.20	27.20	4,087.50	150.28
Total Fees Claimed						20,000.00	

Time Entry - Detailed SIP9 Time & Cost Summary

PHOS1031 - Phosters FS Limited
From 20/11/2013 To 19/11/2014
Project Code POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
AD03 Strategy Planning	0.90	0.00	0.00	0.00	0.90	292.50	325.00
AD04 General Admin / Correspondence	2.70	0.00	5.50	8.00	16.20	2,702.50	166.82
AD05 Cashmng	0.50	0.00	2.00	7.20	9.70	1,362.50	140.46
AD07 Case Review	1.50	0.00	4.00	0.00	5.50	1,087.50	197.73
AD09 Appointment Formalities	0.00	0.00	1.00	0.00	1.00	150.00	150.00
AD11 Tax	0.00	0.00	0.00	0.80	0.80	100.00	125.00
Admin & Planning	5.60	0.00	12.50	16.00	34.10	5,695.00	167.01
CR01 Unsecured Creditors	0.30	0.00	26.60	7.20	34.10	4,987.50	146.26
CR04 Shareholders	0.00	0.00	0.50	0.00	0.50	75.00	150.00
CR05 Secured Creditor	2.00	0.00	10.00	0.00	12.00	2,150.00	179.17
CR07 Statutory Reporting to Creditors	11.10	0.00	30.50	0.00	41.60	8,182.50	196.69
CR09 Distribution	0.00	0.00	1.50	0.00	1.50	225.00	150.00
Creditors	13.40	0.00	69.10	7.20	89.70	15,620.00	174.14
IN01 CDDA	0.80	0.00	3.50	0.70	5.00	872.50	174.50
Investigations	0.80	0.00	3.50	0.70	5.00	872.50	174.50
RA01 Property Related Matters	0.00	0.00	6.00	0.00	6.00	900.00	150.00
RA02 Book Debts	4.00	0.00	12.50	0.00	16.50	3,175.00	192.42
RA03 Tangible Assets	0.00	0.00	1.00	0.00	1.00	150.00	150.00
RA05 ROT	0.00	0.00	1.50	0.00	1.50	225.00	150.00
RA06 Other Assets	0.00	0.00	2.50	0.00	2.50	375.00	150.00
RA08 Sale of Business	1.00	0.00	0.00	0.00	1.00	325.00	325.00
Realisation of Assets	5.00	0.00	23.50	0.00	28.50	5,150.00	180.70
Total Hours	24.80	0.00	108.60	23.90	157.30	27,337.50	173.79
Total Fees Claimed						20,000.00	

Phosters FS Limited - In Administration

Joint Administrators' disbursements and expenses

Disbursements incurred and paid

	Incurred £	Unpaid £	Paid £
Category 1			
Insolvency bond	116 00	0 00	116 00
Postage	167 10	0 00	167 10
Web Upload	10 00	0 00	10 00
	<u>293 10</u>	<u>0 00</u>	<u>293 10</u>

Category 2			
Photocopying	104 25	86 55	0 00
Envelopes	69 60	46 00	0 00
Web Upload	10 00	10 00	0 00
	<u>183 85</u>	<u>142 55</u>	<u>0 00</u>

Expense	Paid to	Basis of payment				
Statutory advertising	Courts Advertising	Statutory payment - set tariff				
Pre-Administration Time Costs	Rimes & Co	Agreed by secured creditor on 06/01/2014				
Pre-Administration Agents Costs	MGR Appraisals	Agreed by secured creditor on 06/01/2014				
Pre-Administration Legal Costs	Harrison Clark Rickerbys	Agreed by secured creditor on 06/01/2014				
Pre-Administration Legal Disbursements	Harrison Clark Rickerbys	Agreed by secured creditor on 06/01/2014				
Post- Administration Legal Costs	Harrison Clark Rickerbys	Agreed by secured creditor on 06/01/2014				
Post- Administration Legal Disbursements	Harrison Clark Rickerbys	Agreed by secured creditor on 06/01/2014				
			Incurred	Unpaid	Written off	Paid
Courts Advertising	Statutory advertising		75 00	0 00	0 00	75 00
Rimes & Co	Pre-Administration Time Costs		3,900 00	0 00	0 00	3,900 00
MGR Appraisals	Pre-Administration Agents Costs		2 500 00	0 00	0 00	2,500 00
Harrison Clark Rickerbys	Pre-Administration Legal Costs		9,583 00	0 00	0 00	9,583 00
Harrison Clark Rickerbys	Pre-Administration Legal Disbursements		115 00	0 00	0 00	115 00
Harrison Clark Rickerbys	Post- Administration Legal Costs		4,696 78	0 00	0 00	4,696 78
Harrison Clark Rickerbys	Post- Administration Legal Disbursements		466 00	0 00	0 00	466 00
			<u>21,335 78</u>	<u>0 00</u>	<u>0 00</u>	<u>21,335 78</u>

**Additional information in relation to Administrator's fees
pursuant to Statement of Insolvency Practice 9**

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

ENGLAND AND WALES

1 Introduction

- 1 1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees, explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.

2 The nature of administration

- 2 1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective

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

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

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

3 The creditors' committee

- 3 1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

4 Fixing the administrator's remuneration

- 4 1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed

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

Any combination of these bases may be used to fix the remuneration, and different bases may be used for different things done by the administrator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the administrator.

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

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

4.2 If there is no creditors' committee, or the committee does not make the requisite determination (and provided the circumstances described in paragraph 4.3 do not apply), the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator, but the administrator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment.

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

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

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

having regard to the same matters as the committee would.

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

4.4 A resolution of creditors may be obtained by correspondence.

5 Review of remuneration

5.1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed, the administrator may request

that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval.

6 Approval of pre-administration costs

- 6.1 Sometimes the administrator may need to seek approval for the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Disclosure of such costs must be included in the administrator's proposals and should follow the principles and standards set out in section 7.
- 6.2 Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in paragraph 4.3 apply, the determination may be made by the same creditors as approve the administrator's remuneration.
- 6.3 The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions, or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination.

7 What information should be provided by the administrator?

7.1 When fixing bases of remuneration

- 7.1.1 When seeking agreement for the basis or bases of remuneration, the administrator should provide sufficient supporting information to enable the committee or the creditors to make an informed judgement as to whether the basis sought is appropriate having regard to all the circumstances of the case. The nature and extent of the information provided will depend on the stage during the conduct of the case at which approval is being sought. The appendix to this guide sets out a suggested format for the provision of information.
- 7.1.2 If any part of the remuneration is sought on a time costs basis, the administrator should provide details of the minimum time units used and current charge-out rates, split by grades of staff, of those people who have been or who are likely to be involved in the time costs aspects of the case.
- 7.1.3 The administrator should also provide details and the cost of any work that has been or is intended to be sub-contracted out that could otherwise be carried out by the administrator or his or her staff.
- 7.1.4 If work has already been carried out, the administrator should state the proposed charge for the period to date and provide an explanation of what has been achieved in the period and how it was achieved, sufficient to enable the progress of the case to be assessed and whether the proposed charge is reasonable in the circumstances of the case. Where the proposed charge is calculated on a time costs basis, the administrator should disclose the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. The administrator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

7 2 After the bases of remuneration have been fixed

The administrator is required to send progress reports to creditors at specified intervals (see paragraph 8 1 below). When reporting periodically to creditors, in addition to the matters specified in paragraph 8 1, the administrator should provide an explanation of what has been achieved in the period under review and how it was achieved, sufficient to enable the progress of the case to be assessed. Creditors should be able to understand whether the remuneration charged is reasonable in the circumstances of the case (whilst recognising that the administrator must fulfil certain statutory obligations and regulatory requirements that might be perceived as bringing no added value for the estate). Where any remuneration is on a time costs basis, the administrator should disclose the charge in respect of the period, the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. If there have been any changes to the charge-out rates during the period under review, rates should be disclosed by grades of staff, split by the periods applicable. The administrator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

7 3 Disbursements and other expenses

7 3 1 Costs met by and reimbursed to the administrator in connection with the administration should be appropriate and reasonable. Such costs will fall into two categories:

- Category 1 disbursements. These are costs where there is specific expenditure directly referable both to the administration and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the administrator or his or her staff.
- Category 2 disbursements. These are costs that are directly referable to the administration but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the administration on a proper and reasonable basis, for example, business mileage.

Category 1 disbursements can be drawn without prior approval, although the administrator should be prepared to disclose information about them in the same way as any other expenses. Category 2 disbursements may be drawn if they have been approved in the same manner as the administrator's remuneration. When seeking approval, the administrator should explain, for each category of expense, the basis on which the charge is being made.

7 3 2 The following are not permissible:

- a charge calculated as a percentage of remuneration,
- an administration fee or charge additional to the administrator's remuneration,
- recovery of basic overhead costs such as office and equipment rental, depreciation and finance charges.

8 Progress reports and requests for further information

8 1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include:

- details of the basis fixed for the remuneration of the administrator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it),

- if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report),
- if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of whether payment was actually made during the period of the report,
- a statement of the expenses incurred by the administrator during the period of the report, irrespective of whether payment was actually made during that period,
- the date of approval of any pre-administration costs and the amount approved,
- a statement of the creditors' rights to request further information, as explained in paragraph 8 2, and their right to challenge the administrator's remuneration and expenses

8 2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court

8 3 The administrator must provide the requested information within 14 days, unless he considers that

- the time and cost involved in preparing the information would be excessive, or
- disclosure would be prejudicial to the conduct of the administration or might be expected to lead to violence against any person, or
- the administrator is subject to an obligation of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing the information

Any creditor may apply to the court within 21 days of the administrator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information

9 Provision of information – additional requirements

The administrator must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company

The information which must be provided is –

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

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

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

10 What if a creditor is dissatisfied?

- 101 If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court
- 102 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8.1 above). If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing.
- 103 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the administration.

11 What if the administrator is dissatisfied?

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

12 Other matters relating to remuneration

- 121 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 122 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.
- 123 If a new administrator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new administrator until a further determination, resolution or court order is made.
- 124 Where the basis of the remuneration is a set amount, and the administrator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them.

13 Effective date

This guide applies where a company enters administration on or after 1 November 2011

Appendix

Suggested format for the provision of information

Professional guidance issued to insolvency practitioners sets out the following suggested format for the provision of information when seeking approval of remuneration. However, the level of disclosure suggested below may not be appropriate in all cases, and will be subject to considerations of proportionality. In larger or more complex cases the circumstances of each case may dictate the information provided and its format.

Narrative overview of the case

In all cases, reports on remuneration should provide a narrative overview of the case. Matters relevant to an overview are:

- the complexity of the case,
- any exceptional responsibility falling on the administrator,
- the administrator's effectiveness,
- the value and nature of the property in question.

The information provided will depend upon the basis or bases being sought or reported upon, and the stage at which it is being provided. An overview might include:

- an explanation of the nature, and the administrator's own initial assessment, of the assignment (including the anticipated return to creditors) and the outcome (if known),
- initial views on how the assignment was to be handled, including decisions on staffing or subcontracting and the appointment of advisers,
- any significant aspects of the case, particularly those that affect the remuneration and cost expended,
- the reasons for subsequent changes in strategy,
- the steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, and fee drawing,
- any existing agreement about remuneration,
- details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees,
- in a larger case, particularly if it involved trading, considerations about staffing and managing the assignment and how strategy was set and reviewed,
- details of work undertaken during the period,
- any additional value brought to the estate during the period, for which the administrator wishes to claim increased remuneration.

Time cost basis

Where any part of the remuneration is or is proposed to be calculated on a time costs basis, requests for and reports on remuneration should provide:

- An explanation of the administrator's time charging policy, clearly stating the units of time that have been used, the grades of staff and rates that have been charged to the assignment, and the policy for recovering the cost of support staff. There is an expectation that time will be recorded in units of not greater than 6 minutes.
- A description of work carried out, which might include:
 - details of work undertaken during the period, related to the table of time spent for the period,
 - an explanation of the grades of staff used to undertake the different tasks carried out and the reasons why it was appropriate for those grades to be used,
 - any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make.
- Time spent and charge-out summaries, in an appropriate format.

It is useful to provide time spent and charge-out value information in a tabular form for each of the time periods reported upon, with work classified (and sub-divided) in a way relevant to the circumstances of the case

The following areas of activity are suggested as a basis for the analysis of time spent

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

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

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

The level of disclosure suggested above will not be appropriate in all cases, and considerations of proportionality will apply

- where cumulative time costs are, and are expected to be, less than £10,000 the administrator should, as a minimum, state the number of hours and average rate per hour and explain any unusual features of the case,
- where cumulative time costs are, or are expected to be, between £10,000 and £50,000, a time and charge-out summary similar to that shown above will usually provide the appropriate level of detail (subject to the explanation of any unusual features),
- where cumulative time costs exceed, or are expected to exceed, £50,000, further and more detailed analysis or explanation will be warranted