

The Insolvency Act 1986

**Statement of administrators'
proposals**

| | |
|---|-----------------------------------|
| Name of Company Pedstowe (East Midlands) Limited (Formerly Humberts (East Midlands) Limited) | Company number 05528146 |
| In the High Court of Justice, Chancery Division, Companies Court | Court case number 4750 of 2008 |

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

We (a) Stephen Robert Cork, James Douglas Ernle Money and Henry Anthony Shinnars of Smith & Williamson Limited, 25 Moorgate, London, EC2R 6AY

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

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

(b) Insert date

(b) 17 July 2008

Signed 
Joint Administrator

Dated 23 7 08

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.

| | |
|----------------------------|-------------------|
| Smith & Williamson Limited | |
| 25 Moorgate - | |
| London EC2R 6AY | Tel 020 8492 8662 |
| DX Number | DX Exchange |

FRIDAY

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25/07/2008
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

Smith & Williamson

Pedstowe (London) Limited (Formerly Humberts Limited), Pedstowe Chichester Limited (Formerly Humberts Chichester Limited), Pedstowe (East Midlands) Limited (Formerly Humberts (East Midlands) Limited), Westchurch Limited, Westchurch Lettings Limited and Westchurch Associates Limited (All in Administration) ("the Companies")

Statement of the joint administrators'
proposals pursuant to Paragraph 49 of
Schedule B1 to the Insolvency Act 1986 and
Rule 2.33 of the Insolvency Rules 1986, 16
July 2008

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Pedstowe (London) Limited (Formerly Humberts Limited) Pedstowe Chichester Limited (Formerly Humberts Chichester Limited), Pedstowe (East Midlands) Limited (Formerly Humberts (East Midlands) Limited) Westchurch Limited, Westchurch Lettings Limited and Westchurch Associates Limited

1 Introduction

Further to our appointment as joint administrators of Pedstowe (London) Limited (Formerly Humberts Limited), Pedstowe Chichester Limited (Formerly Humberts Chichester Limited) Pedstowe (East Midlands) Limited (Formerly Humberts (East Midlands) Limited), Westchurch Limited, and Westchurch Lettings Limited on 11 June 2008 and Westchurch Associates Limited on 23 June 2008, we detail below our statement of proposals in accordance with Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986

We attach as Appendix A further relevant information as required by Rule 2.33 of the Insolvency Rules 1986

2. History and reasons for financial difficulty

We attach an extract from the Chairman's statement made at an EGM by Pedstowe Plc (Formerly Humberts Group Plc) on 3 July 2008. This extract summarises the circumstances leading up to the appointment of the joint administrators

On 21 January 2008 the Group announced that trading in the core residential agency business had been disappointing with volumes significantly below the Board's expectations. Accordingly the Group had expected to make a loss in the first quarter of 2008 with little improvement expected over the second quarter

The Group loss before tax for the six months ended 31 March 2008 was £15.88 million (2007 Profit £1.60 million) on sales of £15.03 million (2007 £13.62 million). This loss includes a £13.95 million charge for goodwill impairment and winding down provision, arising from the disposal of the majority of the Group's operating businesses after 31 March 2008, following the non-completion of the £2.25 million refinancing in May 2008. The underlying loss before interest, depreciation and amortisation was £0.46 million (2007 profit of £1.87 million)

The operating cash outflow for the six month period was £2.7 million (2007 cash inflow of £0.6 million). However the cash position was further compounded by the payment of £1.6 million of deferred consideration in respect of 2006 and 2007 acquisitions. The Group had a total cash outflow of £5.0 million (2007 cash inflow of £3.1 million) for the six month period. Taking into account the above, together with the negative cash flow generation for the 12 months ended 30 September 2007 of £3.1 million the Group had inadequate financial resources to weather the current economic downturn. As a result, the Board took the actions which are outlined below

Current trading

Trading in the core residential agency business has continued to be disappointing, with transaction volumes running at approximately 50% below the previous year. This is due to the ongoing effect of the credit squeeze and a growing erosion of confidence in Humberts

Non-completion of £2.25 million Secured Convertible Loan Notes

On 25 April 2008 the Board announced a refinancing of the Company by way of a £2.25 million Secured Convertible Loan Note ('the Placing'). This refinancing was necessary to provide the Group with sufficient funds to meet its working capital requirement. At the general meeting of the Company held on 14 May 2008, shareholders approved this Placing, the

Pedstowe (London) Limited (Formerly Humberts Limited) Pedstowe Chichester Limited (Formerly Humberts Chichester Limited), Pedstowe (East Midlands) Limited (Formerly Humberts (East Midlands) Limited) Westchurch Limited Westchurch Lettings Limited and Westchurch Associates Limited

adjustments to deferred consideration due to certain sellers of businesses purchased during 2006 and 2007 (the Deferred Consideration Adjustment) and other associated matters as set out in the shareholders circular dated 25 April 2008

However it was not possible to complete the Placing as it was impossible to satisfy certain key conditions, principally because

- The Company had not yet executed sufficient Supplemental Acquisition Agreements to meet the minimum of 60% (by value) of the Deferred Consideration payable to the sellers of certain businesses purchased by the Group during 2006 and 2007, and
- Early indications were that the aggregated disposal value of certain businesses which the Group was intending to dispose of in order to raise additional working capital was likely to be significantly less than expected. This would have had a significant negative impact on the Group's cash flow forecasts.

On careful evaluation of these and other relevant issues and following detailed discussions with the Company's advisers, the Board concluded that the Placing could not be completed.

Disposals since 31 March 2008

As soon as the conditions attached to the £2.25 million Placing could not be fulfilled, the Group was unsustainable in its current structure due to insufficient working capital and the poor trading prospects prevented by the current weak housing and property markets.

Farley Management Company Limited and the management business of Farleys Estate Agents had already been sold in April 2008. The Board then commenced an orderly disposal programme of the remainder of the Group's operating businesses. The operating businesses disposed of since 31 March 2008 comprised:

- 2 April 2008 Farley Management Company Limited sold for a total consideration of £315,000 payable in cash
- 2 April 2008 Management business of Farleys Estate Agents sold for a total consideration of £424,500 payable in cash
- 30 May 2008 Halls Participations Limited sold for a total consideration of £1.90 million, of which £850,000 was paid in cash and the balance represented the cancellation of the outstanding deferred consideration of £1.05 million
- 30 May 2008 Thomson Currie sold for a total consideration of £1.85 million, of which £50,000 was paid in cash and the balance represents the cancellation of the outstanding deferred consideration of £1.80 million
- 06 June 2008 Richard Harding Estate Agents sold for a total consideration of £1.06 million, of which £60,000 was paid in cash and the balance represents the cancellation of the outstanding deferred consideration of £1.0 million
- 9 June 2008 Blenheim Bishop Estate Agents sold for a total consideration of £967,000 representing the cancellation of the outstanding deferred consideration
- 9 June 2008 BIFL incorporating World Property Management sold for a consideration of £1 and the waiver of £945,000 of deferred consideration

Administration of Humberts Limited

On 11 June 2008 the directors of Humberts Limited, one of the Company's trading subsidiaries, appointed Smith & Williamson the accountancy and financial advisory group to act in the restructuring and administration of Humberts Limited (and certain subsidiaries of Humberts Limited) which were placed into administration.

The Company and the Administrators agreed the sale of the assets of Humberts Limited (including the Humberts name) and certain subsidiaries of Humberts Limited and the assets of the Company's London-based subsidiaries of Wellingtons Estate Agents Limited, Wellingtons Estate Agents (Battersea) Limited and Farleys Limited to Mercantile Group for a total net consideration of £3.16 million which will be satisfied by the payment of cash and by the cancellation of outstanding deferred consideration amounting to £1.10 million. Of the cash consideration payment of £600,000 will be deferred pending the successful transfer of the Humberts name to Mercantile Group. The names of the Company's subsidiaries have already been

Pedstowe (London) Limited (Formerly Humberts Limited) Pedstowe Chichester Limited (Formerly Humberts Chichester Limited)
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and Westchurch Associates Limited

changed from a name that includes the word 'Humberts' to a name that includes the word 'Pedstowe'. A general meeting of the Company has been convened for 3 July 2008 to change the name of the Company to Pedstowe plc.

In total 66 branches (including 10 franchises) out of a total of 80 were sold. This preserved employment for 84% of the staff. The remaining branches have now all been closed as both the Company and the Administrators were unable to find buyers.

Following the disposal after 31 March 2008 and the Administration of Humberts Limited, the Company will have no trading subsidiaries.

3. Background to administration

Smith & Williamson were initially engaged by the directors of Humberts Group Plc ("Group") in May 2008, to provide professional advice in relation to the potential financial difficulties being faced by Group and its subsidiaries. These difficulties are summarised in Section 2 above.

During May 2008 the directors of Group approached the original owners and the managers of all the branches and businesses in Group for expressions of interest to repurchase their business. All offers received were of minimal cash value either because the original owners were still owed deferred consideration under the original sale contracts or because of the significant losses being incurred by these branches.

In addition, the directors contacted likely interested parties. These actions, plus a number of press articles highlighting the difficulties faced by Group, resulted in a number of credible expressions of interest in various parts of the business.

A process was initiated to provide individual parties with a formal bidding process. Bidders were encouraged to liaise with deferred consideration creditors and when this was not possible, separate negotiations were undertaken to seek the return branches to former owners.

As the directors felt that they had now exhausted all remaining options for selling the business and/or raising funds and it was apparent that any of the possible disposal strategies would not result in restructured, solvent businesses, the directors resolved to place the Companies into administration in order to conclude various business and asset sales.

4 Statements of affairs

We attach as Appendix B copies of the statements of affairs of the Companies submitted by the directors. Please note that no creditor claims have been adjudicated and the creditor balances listed are subject to the submission of creditor claims.

5 Details of the conduct of the administration

5.1 Realisation of assets

The principal source of recoveries in the administrations will comprise proceeds from the sale of the businesses and assets, book debts and cash at bank.

Pedstowe (London) Limited (Formerly Humberts Limited), Pedstowe Chichester Limited (Formerly Humberts Chichester Limited), Pedstowe (East Midlands) Limited (Formerly Humberts (East Midlands) Limited), Westchurch Limited, Westchurch Lettings Limited and Westchurch Associates Limited

5.2 Administration trading

The majority of business and asset sales were completed shortly after the appointment of joint administrators. The joint administrators concluded that those branches where no interest was shown either by third parties or by incumbent management should be closed immediately as the joint administrators could not justify the losses that would be incurred if trading continued. Two further disposals were completed in the three weeks following our appointment, namely the sale of substantially all of the Westchurch Lettings Limited's business and the disposal of Gale & Dunn Partnership Limited, a wholly owned subsidiary of Pedstowe (London) Limited (Formerly Humberts Limited), back to its former owners.

5.3 Sale of businesses

Shortly following appointment, the joint administrators accepted an offer in conjunction with Group from Mercantile Group (UK) Limited ("the Purchaser") to purchase a number of the businesses owned by the Companies and certain subsidiaries and assets owned by Group. The sale included the exclusive use of the Humberts' name.

The allocation of the sale proceeds to each of the Companies is as detailed below.

| Company | Allocation of Sale Proceeds (£) |
|------------------------------|---------------------------------|
| Humberts Ltd | 425,820 |
| Humberts Chichester Ltd | 38,700 |
| Humberts (East Midlands) Ltd | 116,100 |
| Westchurch Ltd | 19,380 |
| TOTAL | <u>600,000</u> |

As a consequence of these sales a number of the Companies' employees and their entitlements were transferred to the Purchaser. Creditor claims were also reduced by the continued operation of the businesses. For example, the assignment of a number of leases minimised the damages incurred by landlords and accordingly reduced their claims against the Companies in administration.

In addition we have entered into agreements such that eight of the ten branches owned by Humberts Limited not acquired by the Purchaser, were sold back to the original owners. The consideration for these sales was a nominal sum plus forgiveness of deferred consideration as discussed above. This has reduced the debt of the Humberts Group and allowed for the further transfer of a number of the Companies' employees.

5.4 Debtors

We have authorised the Purchaser to collect all pre appointment debts of the Companies on our behalf at a cost of 10% of the collections. The funds collected from this process will be added to funds made available to unsecured creditors of the Companies.

The level of trade debts shown in the books and records as owing to the Companies at the date of the appointment of the joint administrators is as detailed below.

| Company | Debt Receivable (£) |
|--------------|---------------------|
| Humberts Ltd | 1,270,000 |

Pedstowe (London) Limited (Formerly Humberts Limited), Pedstowe Chichester Limited (Formerly Humberts Chichester Limited)
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 and Westchurch Associates Limited

| | |
|------------------------------|-------------------------|
| Humberts Chichester Ltd | 63,916 |
| Humberts (East Midlands) Ltd | 286,227 |
| Westchurch Ltd | 152,347 |
| Westchurch Lettings Ltd | 14,000 |
| Westchurch Associates Ltd | 36,000 |
| TOTAL | <u>1,822,490</u> |

It is our intention to provide creditors with the progress of debtor collection at the meetings on 1 August 2008

5.5 Outcome for creditors

At the time of writing, the exact level of debts owing to unsecured creditors of the Companies has not been determined. Accordingly, the likely level of a return (if any) to unsecured creditors of the Companies cannot be determined. Creditors of the Companies will be advised of the likely return in due course.

The total amount owing to National Westminster Bank PLC, as a secured creditor of the Companies, has been paid in full. We currently estimate that all preferential creditors of the Companies will be paid in full and that a distribution will be made to unsecured creditors of the Companies.

6. Achieving the purpose of the administrations

Under paragraph 3(1) of Schedule B1 to the Insolvency Act 1986, the joint administrators must perform their functions with the objective of -

- Rescuing the Companies as going concerns, or
- Achieving a better result for the Companies' creditors as a whole than would be likely if the Companies 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.

We consider that the second and third purpose of the administrations have been or will be achieved.

7. Remuneration of the joint administrators

Pursuant to Rule 2.106 of the Insolvency Rules 1986, the joint administrators are entitled to receive remuneration for their services as such.

The joint administrators are seeking approval from the creditors to have their remuneration fixed by reference to the time properly given by the joint administrators and their staff in attending to matters arising in the administration of the Companies.

We attach at Appendix C a creditors' guide to administrators' fees, at Appendix D a schedule of charge-out rates in respect of the grades of staff involved with the assignment and at Appendix E, details of our time costs to 6 July 2008 in accordance with Statement of Insolvency Practice 9.

Pedstowe (London) Limited (Formerly Humberts Limited), Pedstowe Chichester Limited (Formerly Humberts Chichester Limited), Pedstowe (East Midlands) Limited (Formerly Humberts (East Midlands) Limited) Westchurch Limited Westchurch Lettings Limited and Westchurch Associates Limited

The issue of the remuneration of the joint administrators forms part of the statement of proposals to be considered at the meeting of creditors

8. Joint administrators' proposals

The administrators propose the following resolutions

- That the joint administrators should continue to do all such things reasonably expedient and generally exercise all their powers as joint administrators as they, in their discretion, consider desirable in order to maximise realisations
- That the joint administrators may seek an extension to the administration period if deemed appropriate
- That, when it is anticipated that no better realisations will be made in the administrations than would be available in a winding up, the joint administrators should take the necessary steps to move from administration to dissolution or to move the Companies into either compulsory or creditors' voluntary liquidation as deemed appropriate
- That if the Companies are moved into voluntary liquidation Stephen Cork, James Money and Henry Shinnars the joint administrators, may be appointed joint liquidators. In accordance with paragraph 83(7) and Rule 2.117(3) of the Insolvency Act 1986, 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 joint administrators will be remunerated on a time cost basis. In accordance with Rule 2.106(9) of the Insolvency Rules 1986. Also, that the joint administrators be authorised to draw disbursements from time to time
- That the costs of Smith & Williamson Limited in respect of Pension, Tax and VAT advice to the joint administrators be based upon time costs and shall be paid out of the assets of the Companies
- The joint administrators will be discharged from liability in respect of any action of theirs as joint administrators upon the termination of the administration, pursuant to paragraph 98(1) of Schedule B1 of the Insolvency Act 1986

9 EC regulations

Since the Companies' centre of main interest is in the UK we are of the opinion that the EC Regulations will not apply

If the EC Regulations do apply these proceedings will be main proceedings as defined in Article 3 of the EC Regulations

10 Approval of proposals

Included with these proposals is notice of a meeting of creditors. Creditors are entitled to attend and vote at this meeting and if they wish to do so, they should complete the enclosed proxy and proof of debt forms

Smith & Williamson

Pedstowe (London) Limited (Formerly Humberts Limited), Pedstowe Chichester Limited (Formerly Humberts Chichester Limited)
Pedstowe (East Midlands) Limited (Formerly Humberts (East Midlands) Limited) Westchurch Limited, Westchurch Lettings Limited
and Westchurch Associates Limited

and return them to us within the timescale stipulated in the notice. Please note that attendance is not obligatory and that non-attendance will not affect your right to submit claims against the Companies.

At the meeting the proposals will be presented to creditors and we will attempt to respond to any questions arising. The formal business of the meeting will be the approval (or modification) of the proposals by the simple majority of creditors by value, whether attending in person or by proxy, once they have been considered, and the formation of a creditors' committee, if required by creditors.

For and on behalf of

Pedstowe (London) Limited (Formerly Humberts Limited)

Pedstowe Chichester (Formerly Humberts Chichester Limited)

Pedstowe (East Midlands) Limited (Formerly Humberts (East Midlands) Limited)

Westchurch Limited

Westchurch Lettings Limited

Westchurch Associates Limited



James Money

Joint Administrator

Pedstowe (London) Limited (Formerly Humberts Limited), Pedstowe Chichester Limited (Formerly Humberts Chichester Limited)
 Pedstowe (East Midlands) Limited (Formerly Humberts (East Midlands) Limited) Westchurch Limited Westchurch Lettings Limited
 and Westchurch Associates Limited

Appendix A. Further relevant information

| | |
|---|---|
| Relevant Court | High Court of Justice Chancery Division Companies Court |
| Court Reference | 4748 of 2008 |
| Trading Name | Humberts Limited now Pedstowe (London) Limited |
| Former Name | Aberway Limited |
| Registered Office | 25 Moorgate London EC2R 6AY |
| Registered number | 05585320 |
| Joint Administrators | Stephen Robert Leslie Cork, James Douglas Fernle Money and Henry Anthony Shunners Smith & Williamson Limited 25 Moorgate London EC2R 6AY |
| All functions are to be exercised by the Administrators jointly and severally | |
| Date of Appointment | 11 June 2008 |
| Appointor | The Board of Directors |
| Company Directors | Nigel Ronald Cartwright Michael Peter Willcock Michael Charles Nowel Nicholas Mark Evans David Hugh Hebditch Richard William Austen |
| Company Secretary | Nigel Raymond Gordon |

Pedstowe (London) Limited (Formerly Humberts Limited) Pedstowe Chichester Limited (Formerly Humberts Chichester Limited)
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 and Westchurch Associates Limited

| | |
|---|---|
| Relevant Court | High Court of Justice Chancery Division Companies Court |
| Court Reference | 4751 of 2008 |
| Trading Name | Humberts Chichester Limited now Pedstowe Chichester Limited |
| Former Name | N/A |
| Registered Office | 25 Moorgate London EC2R 6AY |
| Registered number | 04580505 |
| Joint Administrators | Stephen Robert Leslie Cork, James Douglas Finkle Money and Henry Anthony Shinnars Smith & Williamson Limited 25 Moorgate London EC2R 6AY |
| All functions are to be exercised by the Administrators jointly and severally | |
| Date of Appointment | 11 June 2008 |
| Appointor | The Shareholders (Humberts Limited & Humberts Group Plc) |
| Company Directors | Michael Charles Nower William John Martin Wilson Nigel Ronald Cartwright |
| Company Secretary | Andrew Peter Golding |

Pedstowe (London) Limited (Formerly Humberts Limited), Pedstowe Chichester Limited (Formerly Humberts Chichester Limited), Pedstowe (East Midlands) Limited (Formerly Humberts (East Midlands) Limited) Westchurch Limited, Westchurch Lettings Limited and Westchurch Associates Limited

| | |
|----------------------|--|
| Relevant Court | High Court of Justice Chancery Division Companies Court |
| Court Reference | 4750 of 2008 |
| Trading Name | Humberts (East Midlands) Limited Now Pedstowe (East Midlands) Limited |
| Former Name | N/A |
| Registered Office | 25 Moorgate London EC2R 6AY |
| Registered number | 05528146 |
| Joint Administrators | Stephen Robert Leslie Cork James Douglas Etnie Money and Henry Anthony Shimmers Smith & Williamson Limited 25 Moorgate London EC2R 6AY |

All functions are to be exercised by the Administrators jointly and severally

| | |
|---------------------|--|
| Date of Appointment | 11 June 2008 |
| Appointor | The Shareholder (Humberts Limited) |
| Company Directors | Peter John Benson John Stuart Green Paton Andrew John Pearce Nigel Ronald Cartwright Michael Charles Nower Anthony John Snares Charles William Hodder Welby Peter John Ginning Mills Timothy Stuart Murgatroyd John Raymond Elliot Karen Jane Gray |
| Company Secretary | Nigel Raymond Gordon |

Pedstowe (London) Limited (Formerly Humberts Limited) Pedstowe Chichester Limited (Formerly Humberts Chichester Limited)
 Pedstowe (East Midlands) Limited (Formerly Humberts (East Midlands) Limited) Westchurch Limited, Westchurch Lettings Limited
 and Westchurch Associates Limited

| | |
|---|--|
| Relevant Court | High Court of Justice Chancery Division Companies Court |
| Court Reference | 4752 of 2008 |
| Trading Name | Westchurch Limited |
| Formal Name | N/A |
| Registered Office | 25 Moorgate London EC2R 6AY |
| Registered number | 02772568 |
| Joint Administrators | Stephen Robert Leslie Cork James Douglas Fink Money and Henry Anthony Shinnars Smith & Williamson Limited 25 Moorgate London EC2R 6AY |
| All functions are to be exercised by the Administrators jointly and severally | |
| Date of Appointment | 11 June 2008 |
| Appointor | The Shareholder (Humberts (North Somerset) Limited) |
| Company Directors | Michael Charles Nower Deborah Mary Fortune Steven Michael Smith Marilyn Anne Mansfield Nigel Ronald Cartwright |
| Company Secretary | Sandra May Williams |

Pedstowe (London) Limited (Formerly Humberts Limited) Pedstowe Chichester Limited (Formerly Humberts Chichester Limited)
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 and Westchurch Associates Limited

| | |
|---|---|
| Relevant Court | High Court of Justice Chancery Division Companies Court |
| Court Reference | 4753 of 2008 |
| Trading Name | Westchurch Lettings Ltd |
| Former Name | CJH Lettings Limited |
| Registered Office | 25 Moorgate London EC2R 6AY |
| Registered number | 05185805 |
| Joint Administrators | Stephen Robert Leslie Cork James Douglas Frank Money and Henry Anthony Shinnars Smith & Williamson Limited 25 Moorgate London EC2R 6AY |
| All functions are to be exercised by the Administrators jointly and severally | |
| Date of Appointment | 11 June 2008 |
| Appointor | The Shareholder (Humberts Group Plc) |
| Company Directors | Peter Ellis Nigel Ronald Cartwright |
| Company Secretary | Sandra Mary Williams |

Pedstowe (London) Limited (Formerly Humberts Limited) Pedstowe Chichester Limited (Formerly Humberts Chichester Limited)
 Pedstowe (East Midlands) Limited (Formerly Humberts (East Midlands) Limited) Westchurch Limited Westchurch Lettings Limited
 and Westchurch Associates Limited

| | |
|---|---|
| | Chancery Division Companies Court |
| Court Reference | 4749 of 2008 |
| Trading Name | Westchurch Associates Limited |
| Former Name | N/A |
| Registered Office | 25 Moorgate London EC2R 6AY |
| Registered number | 02779087 |
| Joint Administrators | Stephen Robert Leslie Cork James Douglas Eirik Money and Henry Anthony Shinnars Smith & Williamson Limited 25 Moorgate London EC2R 6AY |
| All functions are to be exercised by the Administrators jointly and severally | |
| Date of Appointment | 23 June 2008 |
| Appointor | The Shareholder (Humberts Limited) |
| Company Directors | David Hugh Hebditch Steven Michael Smith Michael Charles Nowca Peter Christopher Emery Nigel Ronald Cartwright |
| Company Secretary | Scip Secretaries Limited |

Pedstowe (London) Limited (Formerly Humberts Limited), Pedstowe Chichester Limited (Formerly Humberts Chichester Limited)
Pedstowe (East Midlands) Limited (Formerly Humberts (East Midlands) Limited) Westchurch Limited, Westchurch Lettings Limited
and Westchurch Associates Limited

Appendix B. Statements of affairs of Companies

Pedstowe (London) Limited (Formerly Humberts Limited) Pedstowe Chichester Limited (Formerly Humberts Chichester Limited)
Pedstowe (East Midlands) Limited (Formerly Humberts (East Midlands) Limited), Westchurch Limited, Westchurch Lettings Limited
and Westchurch Associates Limited

Appendix C Creditors' guide to administrators' fees

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES ENGLAND AND WALES

1 Introduction

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

2 The nature of administration

- 2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective:
- rescuing the company as a going concern, or
 - achieving a better result for the creditors as a whole than would be likely if the Company were wound up without first being in administration,
- or, if the administrator thinks neither of these objectives is reasonably practicable
- realising property in order to make a distribution to secured or preferential creditors

3 The creditors' committee

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

4 Fixing the administrator's fees

- 4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed either
- as a percentage of the value of the property which the administrator has to deal with, or
 - by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration.

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

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

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

- 4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets. In this case a resolution of the creditors shall be taken as passed if, and only if, passed with the approval of—

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

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

Pedstowe (London) Limited (Formerly Humberts Limited), Pedstowe Chichester Limited (Formerly Humberts Chichester Limited)
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4.4 A resolution of creditors may be obtained by correspondence

5 What information should be provided by the administrator?

5.1 When seeking fee approval

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

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

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

5.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent

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

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

- Directors from £290 to £395 per hour
- Managers from £225 to £290 per hour
- Other senior professionals from £150 to £225 per hour
- Assistants and support staff from £50 to £150 per hour

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

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

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

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

5.2 After fee approval

5.2.1 Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5.1.3. Where the fee is charged on a percentage basis

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the administrator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out

5.3 Expenses and disbursements

- 5.3.1 There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements. However, professional guidance issued to insolvency practitioners requires that, where the administrator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the administrator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

6 What if a creditor is dissatisfied?

- 6.1 If a creditor believes that the administrator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the court orders otherwise, the costs must be paid by the applicant and not as an expense of the administration.

7 What if the administrator is dissatisfied?

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

8 Other matters relating to fees

- 8.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 8.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

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Appendix D. Schedule of charge out rates

| Staff Grade | Charge out rate (£) |
|--------------------|---------------------|
| Director | 365 |
| Associate Director | 335 |
| Manager | 250 - 275 |
| Administrator | 140 - 200 |
| Support staff | 55 – 110 |

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Appendix E Time costs to 6 July 2008 (SIP9)

Pedstowe (London) Limited (Formerly Humberts Limited) (In Administration)

Administrators professional fees breakdown up to 6 July 2008

| Hours | | | | | | Time Cost £ | Average hourly rate £ |
|---------------------------------|----------|---------|-------------------------------|------------------------------------|-------------|----------------|-----------------------------|
| Classification of work function | Director | Manager | Other senior professionals | Assistants and support staff | Total hours | | |
| Administration and planning | 15 25 | 1 25 | 33 65 | 56 05 | 106 20 | 21,380 75 | 201 33 |
| Realisation of assets | 43 50 | | | 1 75 | 45 25 | 16,227 50 | 358 62 |
| Creditors | | | 43 35 | 25 85 | 69 20 | 13,535 25 | 195 60 |
| Pre-appointment | 98 07 | 2 10 | 92 79 | 20 91 | 213 87 | 60,780 00 | 284 19 |
| Total hours | 156 82 | 3 35 | 169 79 | 104 56 | 434 52 | | 257 58 |
| Total costs to date (£) | | | | | | 111,923 50 | |

Pedstowe Chichester Limited (Formerly Humberts Chichester Limited) (In administration)

Administrators professional fees breakdown up to 6 July 2008

| Hours | | | | | | Time Cost £ | Average hourly rate £ |
|---------------------------------|----------|---------|-------------------------------|------------------------------------|-------------|----------------|-----------------------------|
| Classification of work function | Director | Manager | Other senior professionals | Assistants and support staff | Total hours | | |
| Administration and planning | | 1 00 | 4 15 | 9 55 | 14 70 | 2,492 50 | 169 56 |
| Realisation of assets | 0 50 | | | | 0 50 | 182 50 | 365 00 |
| Creditors | | | 2 50 | 6 50 | 9 00 | 975 00 | 108 33 |
| Pre-appointment | 1 25 | | | | 1 25 | 456 25 | 365 00 |
| Total hours | 1 75 | 1 00 | 6 65 | 16 05 | 25 45 | | 161 35 |
| Total costs to date (£) | | | | | | 4,106 25 | |

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 and Westchurch Associates Limited

Pedstowe (East Midlands) Limited (Formerly Humberts (East Midlands) Limited) (In Administration)

Administrators professional fees breakdown up to 6 July 2008

| Hours | | | | | | Time Cost £ | Average hourly rate £ |
|---------------------------------|----------|---------|-------------------------------|------------------------------------|-------------|----------------|-----------------------------|
| Classification of work function | Director | Manager | Other senior professionals | Assistants and support staff | Total hours | | |
| Administration and planning | 1 00 | | 6 70 | 11 45 | 19 15 | 3,456 75 | 180 51 |
| Realisation of assets | 6 25 | | | | 6 25 | 2,281 25 | 365 00 |
| Creditors | | | 1 50 | 7 00 | 8 50 | 767 50 | 90 29 |
| Pre-appointment | 2 50 | 2 00 | | | 4 50 | 1,512 50 | 336 11 |
| Total hours | 9 75 | 2 00 | 8 20 | 18 45 | 38 40 | | 208 80 |
| Total costs to date (£) | | | | | | 8,018 00 | |

Westchurch Limited (In Administration)

Administrators professional fees breakdown up to 6 July 2008

| Hours | | | | | | Time Cost £ | Average hourly rate £ |
|---------------------------------|----------|---------|-------------------------------|------------------------------------|-------------|----------------|-----------------------------|
| Classification of work function | Director | Manager | Other senior professionals | Assistants and support staff | Total hours | | |
| Administration and planning | 0 50 | 1 00 | 29 80 | 8 05 | 39 35 | 8 663 50 | 220 17 |
| Realisation of assets | 1 25 | | | | 1 25 | 456 25 | 365 00 |
| Creditors | | | 14 50 | 2 05 | 16 55 | 3,737 50 | 225 83 |
| Pre-appointment | 2 00 | | | | 2 00 | 730 00 | 365 00 |
| Total hours | 3 75 | 1 00 | 44 30 | 10 10 | 59 15 | | 229 71 |
| Total costs to date (£) | | | | | | 13 587 25 | |

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 and Westchurch Associates Limited

Westchurch Lettings Limited (In Administration)

Administrators professional fees breakdown up to 6 July 2008

| Hours | | | | | | Time Cost £ | Average hourly rate £ |
|---------------------------------|----------|---------|-------------------------------|------------------------------------|-------------|----------------|-----------------------------|
| Classification of work function | Director | Manager | Other senior professionals | Assistants and support staff | Total hours | | |
| Administration and planning | 0 50 | | 3 25 | 9 10 | 12 85 | 2,123 00 | 165 21 |
| Realisation of assets | 4 75 | | | | 4 75 | 1,733 75 | 365 00 |
| Creditors | | | 1 70 | | 1 70 | 408 00 | 240 00 |
| Pre-appointment | 1 00 | | | | 1 00 | 365 00 | 365 00 |
| Total hours | 6 25 | | 4 95 | 9 10 | 20 30 | | 228 07 |
| Total costs to date (£) | | | | | | 4,629 75 | |

Westchurch Associates (In Administration)

Administrators professional fees breakdown up to 6 July 2008

| Hours | | | | | | Time Cost £ | Average hourly rate £ |
|---------------------------------|----------|---------|-------------------------------|------------------------------------|-------------|----------------|-----------------------------|
| Classification of work function | Director | Manager | Other senior professionals | Assistants and support staff | Total hours | | |
| Administration and planning | | | 2 60 | 10 35 | 12 95 | 2,047 00 | 158 07 |
| Realisation of assets | | | | | | | |
| Creditors | | | | | | | |
| Pre-appointment | | | - | | | | |
| Total hours | | | 2 60 | 10 35 | 12 95 | | 158 07 |
| Total costs to date (£) | | | | | | 2,047 00 | |