

Rule 2 33

Form 2 17B

The Insolvency Act 1986

Statement of administrator's proposals

2.17B

Name of Company Balfour Homes (Chisworth) Limited	Company number 05566313
In the Birmingham District Registry [full name of court]	Court case number 8007 of 2010

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

We, (a) Nigel Price of Begbies Traynor (Central) LLP, 10th Floor, Temple Point, 1 Temple Row Birmingham B2 5LG and Paul Stanley of Begbies Traynor (Central) LLP, 340 Deansgate, Manchester, M3 4LY

* Delete as applicable

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) 4 March 2010

Signed

Joint / Administrator(s)

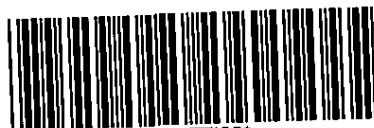
Dated

4/3/10

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Begbies Traynor (Central) LLP	
10th Floor, Temple Point, 1 Temple Row Birmingham	
	Tel 0121 200 8150
Fax Number 0121 200 8160	DX Number



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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

SATURDAY

Nigel Price and Paul Stanley were appointed joint administrators on 8 January 2010

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

Balfour Homes (Chisworth) Limited (In Administration)

Statement of proposals of the joint administrators for achieving the purpose of the administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986

The joint administrators' statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Balfour Homes (Chisworth) Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Insolvency Act 1986 on 8 January 2010
"the joint administrators"	Nigel Price of Begbies Traynor (Central) LLP, 10th Floor, Temple Point, 1 Temple Row, Birmingham, B2 5LG and Paul Stanley of Begbies Traynor (Central) LLP, 340 Deansgate, Manchester, M3 4LY
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(a), Insolvency Act 1986)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security and (ii) in relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(b), Insolvency Act 1986)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

2. STATUTORY INFORMATION

Name of Company	Balfour Homes (Chisworth) Limited	
Trading name(s)	Not applicable	
Date of Incorporation	16 September 2005	
Company registered number	05566313	
Company registered office	10th Floor, Temple Point, 1 Temple Row, B2 5LG	
Former registered office	Unit 5, The Clock Tower, Manor Lane, Holmes Chapel, CW4 8DJ	
Trading address (es) (or attach a separate sheet if more than one)	Kinderlee Mill, Marple Road, Chisworth, SK13 5DL	
Principal business activities	Construction	
Directors and details of shares held in Company	Name	Shareholding
	John Kennedy	Nil
	Thomas Jones (resigned 18 November 2009)	Nil
Company Secretary and details of shares held in Company	Ronald Hewitson (resigned 18 November 2009)	Nil
	Name:	Shareholding
	The company does not currently have a company secretary	
	Ronald Hewitson (resigned 18 November 2009)	Nil
Auditors	McLintocks Blease Lloyd	
Share capital	1 ordinary GBP1 00 share	
Shareholders	Balfour Homes (Holdings) Limited (1 ordinary share)	

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Name(s) of joint administrator(s)	Nigel Price, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 10th Floor, Temple Point, 1 Temple Row, Birmingham, B2 5LG and Paul Stanley, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 340 Deansgate, Manchester, M3 4LY
Date of administrators' appointment	8 January 2010
Court	Birmingham District Registry
Court Case Number	8007 of 2010
Person(s) making appointment / application	AIB Group (UK) Plc
Acts of the joint administrators	The joint administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows

- "3 (1) The administrator of a company must perform his functions with the objective of
- (a) rescuing the company as a going concern, or
 - (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors
- (2) Subject to subparagraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole
- (3) The administrator must perform his functions with the objective specified in subparagraph (1)(a) unless he thinks either
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in subparagraph (1)(b) would achieve a better result for the company's creditors as a whole
- (4) The administrator may perform his functions with the objective specified in subparagraph (1)(c) only if

- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in subparagraph (1)(a) and (b), and
- (b) he does not unnecessarily harm the interests of the creditors of the company as a whole "

4. CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF ADMINISTRATORS

The company was developing a site at Kinderlee Mill, Chisworth consisting of 56 units which were in various states of completion

The company experienced financial difficulties in 2009 due to the downturn in the economy and associated companies being involved in formal insolvency procedures

The two directors, Mr Jones and Mr Hewitson resigned in November 2009 due to the insolvencies of the other associated companies

Mr John Kennedy became involved in the company and became a director late in 2009 PJKI Limited, one of whose directors is Mr Kennedy, also became involved with the company in so much as it provided a limited guarantee to AIB Group (UK) Plc, the fixed charge holder

It became clear to the director that the business could not continue in its present form due to the pressures of meeting the repayments on the loans from the fixed chargeholder

Having met with the Bank, a decision was made to place the company into administration, accordingly Nigel Price and Paul Stanley were appointed joint administrators on 8 January 2010

5. STATEMENT OF AFFAIRS

No statement of affairs has been submitted by the director as yet Details of the financial position of the company at the date of our appointment is included at Appendix 2 along with a list of the company's creditors including their names, addresses and details of their debts It makes no provision for the costs of the administration

6. THE ADMINISTRATION PERIOD

The joint administrators have held several meetings with the director, Naismiths LLP (a firm of quantity surveyors) and the current contractors to assess the extent of the building work still to be done Discussions have also been held with various agents with regards to the best way to maximise realisations It has been concluded that it would be beneficial to complete the site and market the units as finished products Accordingly the administrators have put out to tender the opportunity to complete these works

Two tenders have been received which are being assessed by the quantity surveyors As yet, a decision has not been made as to who will complete the works

It is envisaged that works on the site will resume in the near future

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 08/01/2010 to 12 February 2010 incorporating our projected outcome for creditors

To date no costs have been incurred and no assets have been realised

7. JOINT ADMINISTRATORS' PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

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

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

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the Company's property. The principal matters to deal with in this respect are

- Complete the building works to be done on the properties and sell them, OR
- Sell the properties as they are, should a suitable offer be received,

Following these events we propose to finalise distributions to the secured creditor

Exit from Administration

It is proposed that the administration shall end by one of the following methods

Dissolution

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

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

Contingency Plan – Extending the Administration

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude the sale of the properties. Yet Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, the administrator's term of office may be extended either by court order for a specified period or by

consent of the creditors for a specified period not exceeding six months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further six months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

Creditors Voluntary Liquidation

On present information we consider that the exit route from the administration by way of CVL is unlikely to become necessary, we propose to generally reserve this as an alternative exit route as part of the proposals, should it become appropriate, so as to minimise professional costs.

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

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

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

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

We confirm that as part of our proposals we seek nomination as liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors approval, with or without modification, of the administrators' proposals.

It is proposed that for the purpose of the winding up, any act required or authorised under any enactment to be done by the joint liquidators is to be done by all or any one or more of the persons for the time being holding office.

Section 176A Fund for Unsecured Creditors

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

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

An administrator will not be required to set aside the *prescribed part of net property* if

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

The joint administrators have estimated, to the best of their knowledge and belief, the Company's net property, as defined in section 176A(6) of the Act, and the prescribed part of the Company's net property to be nil

Administrators' Remuneration

The joint administrators propose that the basis of their remuneration be fixed under Rule 2 106 of the Rules by reference to the time properly given by them (as administrators) and the various grades of their staff calculated at the prevailing hourly rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration

These proposals contain a statement by the administrators, in accordance with paragraph 52(1)(b) of Schedule B1 to the Act, that they consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176A(2)(a) of the Act. In these circumstances, it is for each secured creditor of the Company to determine the basis of the joint administrators' remuneration under Rule 2 106 of the Rules

In the absence of an initial meeting of creditors (see section 8 Conclusion, below) and the establishment of a creditors' committee, the joint administrators' remuneration is fixed by the approval of the secured creditor in accordance with Rule 2 106 (5A)

Appendix 3 sets out the administrators' firm's hourly charge out rates and the time that they and their staff have spent in attending to matters arising in the administration since Joint Administrator

Administrators' disbursements


The joint administrators propose that disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9) be charged in accordance with their firms policy, details of which are set out at Appendix 3. These disbursements will be identified by the administrators and subject to the approval of those responsible for determining the basis of the administrators' remuneration

8. CONCLUSION

The joint administrators presently consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors

In these circumstances the obligation to summon an initial meeting of the Company's creditors to consider the joint administrators' proposals is disapplied by paragraph 52(1). The joint administrators are therefore not empowered to summon such a meeting unless creditors, whose debts amount to at least 10% of the total debts of the Company, requisition such a meeting. Any such requisition must be in the prescribed manner in accordance with Rule 2 37 and be made within 12 days of the date on which the administrators' statement of proposals is sent out. The expenses of summoning and holding a meeting at the request of a creditor shall be paid by that person, who shall deposit with the administrators security for their payment. If no such meeting is held, then by Rule 2 33(5), the joint administrators' proposals are deemed to have been approved by the creditors

In the absence of an initial creditors' meeting we will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner

A handwritten signature in black ink, appearing to read 'Nigel Price', with a stylized, cursive script.

Nigel Price
Joint Administrator

Date 1 March 2010

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

Period 8 January 2010 to 12 February 2010

Estimated to realise per Statement of Affairs £		Receipts & Payments to date £	Anticipated Receipts & Payments £	Projected Outcome £
	ASSETS SPECIFICALLY PLEDGED			
9,000,000	Properties at Kinderlee Mill	-	9,000 000	9,000 000
<u>9,000 000</u>		<u>-</u>	<u>9,000 000</u>	<u>9,000 000</u>
	Realisation Expenses			
	Costs to complete site	-	(3,100 000)	(3,100,000)
	Other costs to include Naismiths, other agents, joint administrators and legals	-	(150,000)	(150,000)
	Net Realisations		<u>5,750,000</u>	<u>5 750,000</u>
	Fixed charge holder - AIB Group (UK) Plc	-	(12 178,253)	(12,178 253)
	Shortfall to AIB Group (UK) Plc	<u>-</u>	<u>(6,428,253)</u>	<u>(6,428,253)</u>
	Summary of balances held			
	Fixed charge	-		
	Floating charge	<u>-</u>		
	Held as			
	Barclays Bank Plc	-		
	VAT	<u>-</u>		
		<u>-</u>		

Balfour Homes (Chisworth) Limited
Statement Of Affairs as at 8 January 2010

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
Assets subject to fixed charge:		
Freehold Land & Property	9,000,000 00	9,000,000 00
AIB Group (UK) Plc		<u>(12,178,253 00)</u>
Deficiency c/d		<u>(3,178,253 00)</u>
Assets subject to floating charge:		
Uncharged assets:		
Estimated total assets available for preferential creditors		NIL

Signature _____ Date _____

Balfour Homes (Chisworth) Limited
Statement Of Affairs as at 8 January 2010

A1 - Summary of Liabilities

		Estimated to Realise £
<hr/>		
Estimated total assets available for preferential creditors (Carried from Page A)		NIL
Liabilities		
Preferential Creditors -		
		NIL
Estimated deficiency/surplus as regards preferential creditors		NIL
Estimated prescribed part of net property where applicable (to carry forward)		NIL
Estimated total assets available for floating charge holders		NIL
<hr/>		
Debts secured by floating charges		
Deficiency b/d	3,178,253 00	
		3,178,253 00
Estimated deficiency/surplus of assets after floating charges		<u>(3,178,253 00)</u>
<hr/>		
Estimated prescribed part of net property where applicable (brought down)		NIL
Total assets available to unsecured creditors		NIL
<hr/>		
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade & Expense Creditors	31,941 00	
VAT	3,561 00	
		35,502 00
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		(35,502 00)
Shortfall to floating charge holders (brought down)		3,178,253 00
Estimated deficiency/surplus as regards creditors		<u>(3,213,755 00)</u>
<hr/>		
Issued and called up capital		
Ordinary Shareholders	1 00	
		1 00
Estimated total deficiency/surplus as regards members		<u>(3,213,756 00)</u>

Signature _____ Date _____

DIRECTOR'S ESTIMATED STATEMENT OF AFFAIRS

Notes to the Directors Estimated Statement of Affairs

The properties are subject to fixed charge granted in favour of AIB Group (UK) Plc. The name and type of security held by the charge holder is a legal mortgage dated 5 June 2006 registered on 8 June 2006.

- 1 The properties have been professionally valued by Messrs Reginald Cook & Co in December 2009 on an Open Market Valuation basis.
- 2 Section 176A(2) of the Act requires the administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "Net property" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation). The prescribed part is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of £600,000).

The administrator will not be required to set aside the prescribed part of net property if

 - a 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,
 - b Or if the net property is more than £10,000, if the provision is disapplied by the court on the application of the administrator on cost-benefit grounds.
- 3 The claim of HM Revenue & Customs represents VAT outstanding since September 2009.
- 4 Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.
- 5 The estimated total deficiency, including the calculation of the prescribed part of the Company's net property, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.

Begbies Traynor (Central) LLP
Balfour Homes (Chisworth) Limited
B - Company Creditors

Key	Name	Address	£
CA03	AIB Bank (UK) Plc	61/63 Temple Row, Birmingham, B2 5LS, Attn Mr P Drew	0 00
CA00	Amelia Interior Design	Brookhouse Farm, Congeltonj Road, Garsworth, SK11 9ET	1,951 43
CA01	Aqua Shine Limited	19 Palatine Road, Northenden, Manchester, M22 4ET	375 00
CA02	Atkinson Peck	Watson House, 45 Waterloo Road, Stockport, SK1 3BJ	3,196 21
CB00	British Telecom	Dept W, TVTE, Newcastle, NE83 7ZF	329 44
CC00	Cotterill Stone Lawless	International House, 82-86 Deansgate, Manchester, M3 2ER	2,732 40
CF00	Fishers Cleaning Services	210-212 Oldham Road, Rochdale, OL11 2ER	1,100 55
CH00	H M Revenue & Customs	Insolvency Department, Queens Dock, Liverpool, L74 4AF	3,561 00
CH01	H M Revenue & Customs	Insolvency and Securities Section, 3rd Floor, Euston Tower, 286 Euston Road, London, NW1 3UQ	0 00
CM01	M J Hulton Limited	Panflora Nurseries, Bams Lane, Warburton, Lymm, WA13 9UG	659 34
CM00	Maximalism Communications Limited	Crownfields, 1 Cheshire Way, Saughton, Chester, CH3 6BB	2,269 88
CO00	O'Connor & Co Insurance	16 Billing Road, Northampton, NN1 5AW	229 41
CR01	R W Wight	39 Bankfield Road, Ashton on Mersey, Sale, M33 5QD	3,105 00
CR00	Ray Balmer		54 00
CS00	SGB Rovacabin	Cappers Yard, Forward Works, Bridge Lane, Woolston, Warrington, WA1 4BA	5,011 52
CW00	Wodehouse Direct Limited	Warren Bruce Court, Warren Bruce Road, Trafford Park, Manchester, M17 1LB	7,366 74
16 Entries Totalling			31,941.92

Signature _____

JOINT ADMINISTRATORS' TIME COSTS AND EXPENSES

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

Total time spent to date on this assignment amounts to 51.25 hours at an average composite rate of £253.40 per hour resulting in total time costs to of £12,987.

To assist creditors in determining this matter, the following further information on time costs and expenses are set out:

- ☐ Begbies Traynor (Central) LLP's policy for re-charging expenses
- ☐ Begbies Traynor (Central) LLP's charge-out rates
- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value

In addition a copy of *A Creditors' Guide to Administrators' Fees* is available on request. Alternatively, the guide can be downloaded from <http://www.begbies-traynorgroup.com/Files/A%20Creditors'%20Guide%20to%20Administrators'%20Fees.pdf>

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear in Appendix 3.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed in Appendix 3.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- *Category 1 expenses (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 expenses (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval)

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 per meeting,
- Car mileage is charged at the rate of 40 pence per mile,
- Storage of books and records (when not chargeable as a *Category 1 expense*) is charged on the basis that the number of standard archive boxes held in storage

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales (Effective 1 April 2007)

² Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales (Effective 1 April 2007)

for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Birmingham office as at the date of this report are as follows

Grade of staff	Charge-out Rate (£ per hour)
Partner 1	395
Partner 2	350
Director	325
Senior Manager	295
Manager	250
Assistant Manager	195
Senior Administrator	160
Administrator	130
Junior Administrator	100
Support	100

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

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

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	Balfour Homes (Chisworth) Limited
CASE TYPE	ADMINISTRATION
OFFICE HOLDERS	Nigel Price and Paul Stanley
DATE OF APPOINTMENT	8 January 2010

1 CASE OVERVIEW

1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

1.2 Complexity of the case

Our initial strategy was to attend site to establish the extent of any works still to be completed

A decision was then made to complete the site and invite contractors to tender for the opportunity to complete the outstanding works with a view to selling the site as completed units

1.3 Exceptional responsibilities

None

1.4 The office holders' effectiveness

Offers have been received to complete the works and these are being reviewed by the joint administrator and Naismiths LLP, our quantity surveyors

1.5 Nature and value of property dealt with by the office holders'

The properties were valued at £9million by Messrs Reginald Cook & Co in December 2009

1.6 Anticipated return to creditors

Based on current information we anticipate a return to AIB Group (UK) Plc under their fixed charge. It is unlikely there will be any monies available for unsecured creditors due to the anticipated shortfall to AIB Group (UK) Plc

1.7 Time costs analysis

An analysis of time costs incurred between 8 January 2010 and 12 February 2010 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only

1.8 The views of the creditors

Initial correspondence has been sent to all creditors informing them of the administration and any queries raised by creditors have been dealt with as they have arisen

1.9 Approval of fees

We request that a resolution is passed to approve the costs of the Administrators' fees for the Administration period on a time cost basis, subject, as stated in Section 6 of the proposals to the agreement of the secured creditor

1 10 Other professionals employed & their costs

HBJ Gateley Wareing LLP were instructed to advise us on all legal matters and their costs are based on time spent dealing with the case

2. SUMMARY OF WORK CARRIED OUT

Since the date of our appointment, the following work has been carried out

- Attending site to assess the level of works to be completed on the properties
- Liaising with Jardine Lloyd Thompson regarding insurance
- Liaising with potential contractors and valuers
- Dealing with all statutory matters in connection with the administration
- Dealing with all creditor queries
- Liaising with HBJ Gateley Wareing regarding the legal aspects of the administration

Balfour Homes (Chisworth) Limited

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