

The Insolvency Act 1986

**Administrator's progress report****2.24B**

Name of Company CFG LEISURE 1 LIMITED	Company number 06002186
In the High Court of Justice <small>[full name of court]</small>	Court case number 5392 of 2010

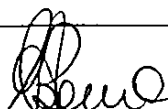
(a) Insert full name(s)  
and address(es) of  
administrator(s)

I/We (a) N A Bennett & M C Healy of Leonard Curtis, One Great Cumberland Place,  
Marble Arch, London W1H 7LW

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

	from	to
(b) Insert dates	(b) 1 January 2011	(b) 24 June 2011

Signed

  
Joint / Administrator(s)

Dated

29 June 2011**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

Leonard Curtis	
One Great Cumberland Place, Marble Arch, London W1H 7LW	
Ref CMC/18	Tel 020 7535 7000
DX Number	DX Exchange

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

FRIDAY



A44 01/07/2011 138  
COMPANIES HOUSE



**LEONARD CURTIS**  
BUSINESS RESCUE & RECOVERY

**CFG LEISURE 1 LIMITED**

Registered Number 06002186

**CFG LEISURE 2 LIMITED**

Registered Number 06002067

**(BOTH IN ADMINISTRATION)**

**Joint Administrators' Second Progress Report  
for the period from 1 January 2011 to 24 June 2011**

**24 June 2011**

Leonard Curtis  
One Great Cumberland Place, Marble Arch,  
London W1H 7LW  
Tel 020 7535 7000 Fax 020 7723 6059  
solutions@leonardcurtis.co.uk  
Ref L/18/CMC/SCFG04/1010

## CONTENTS

- 1 Statutory Information
- 2 Steps taken during the Administrations and Progress to Date
- 3 Achieving the Purpose of Administration
- 4 Joint Administrators' Remuneration and Disbursements
- 5 Pre-Administration Costs
- 6 Creditors' Rights
- 7 Extension of Administrations
- 8 Further Assets to be Realised
- 9 Other Relevant Information

## APPENDICES

- A Summaries of Joint Administrators' Receipts and Payments from 1 July 2010 to 24 June 2011
  - i) CFG Leisure 1 Limited
  - ii) CFG Leisure 2 Limited
- B Summaries of Joint Administrators' Time Costs from 1 July 2010 to 27 May 2011
  - i) CFG Leisure 1 Limited
  - ii) CFG Leisure 2 Limited
- C Information Detailing Charge Out Rates and Policy regarding Staff Allocation, Support Staff, the use of Subcontractors and the Recharge of Disbursements

TO: ALL CREDITORS AND THE REGISTRAR OF COMPANIES

**1 STATUTORY INFORMATION**

- 1.1 I was appointed Joint Administrator of CFG Leisure 1 Limited ("CFG1") and CFG Leisure 2 Limited ("CFG2") ("the Companies") together with M C Healy on 1 July 2010. We are both licensed in the UK by the Insolvency Practitioners Association. The appointment of the Joint Administrators ("the Joint Administrators") was made by Sofiya Limited ("Sofiya"), 35 Davies Street London W1K 4LS as holder of a qualifying floating charge over the assets of the Company.
- 1.2 The Administration proceedings for CFG1 and CFG2 are under the jurisdiction of the High Court of Justice under Court reference numbers 5392 of 2010 and 5390 of 2010 respectively.
- 1.3 In accordance with paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 ("the Act"), the function of the Joint Administrators may be exercised by either or both, acting jointly or alone. There have been no changes in office-holder and the initial period of the Joint Administrators' appointment has not been extended.
- 1.4 The Companies' principal trading activity was the management of nightclubs based around the UK. As previously reported, the nightclubs were all closed prior to the date of Administration, with the exception of Vienna's at 20 New Street, Paisley PA1 1YB ("Vienna's") which was operated by CFG2.
- 1.5 The Companies' registered offices were changed from 15 Titan Court, Laporte Way, Luton, Bedfordshire LU4 8EF to One Great Cumberland Place, Marble Arch, London W1H 7LW following our appointment. The registered numbers are 06002186 and 06002067 for CFG1 and CFG2 respectively.
- 1.6 On 25 August 2010 we sent a statement of the Joint Administrators' proposals to all creditors of the Companies. In accordance with paragraph 52 of Schedule B1 of the Act, meetings of creditors were not called as we thought that, on the basis of information available at the time, the Companies would have insufficient property after costs to enable a distribution to be made to unsecured creditors other than by virtue of Section 176(A)(2)(a) of the Act (prescribed part). No meeting of creditors was requisitioned and the proposals of both Companies were therefore deemed to have been approved on 16 September 2010. There have been no major amendments to, or deviations from, those proposals.
- 1.7 The Companies' main centres of operation are based in the UK. The EC Regulation on Insolvency Proceedings applies and the proceedings are main proceedings under the Regulation.

**2 STEPS TAKEN DURING THE ADMINISTRATIONS AND PROGRESS TO DATE**

- 2.1 This report should be read in conjunction with the Joint Administrators' previous reports dated 25 August 2010 and 26 January 2011.
- 2.2 As previously reported, the Companies were both placed into Administration following the insolvency of Helena Leisure Limited ("Helena"). Helena had an agreement to operate the nightclubs and at the time of its insolvency owed the Companies jointly approximately £5,768,570.
- 2.3 The Companies had insufficient funds to continue trading in Administration. On 1 July 2010 a licence to occupy Vienna's was entered into with HLL Group Limited ("HLL") whilst a purchaser of the leasehold interest was sought. HLL has common ownership and management to Helena and is experienced in the operation of nightclubs.

- 2.4 Francis Wilks & Jones, solicitors, were instructed to assist us in dealing with retention of title claims, where applicable, and on legal matters generally, where necessary. Additionally, a firm of Scottish solicitors, MacRoberts LLP, were instructed to assist with the property transfer.
- 2.5 **Leasehold Premises**
- 2.5.1 CFG2's interest in the leasehold premises at Vienna's was immediately marketed by agents and potentially interested parties contacted. As stated above, a short term licence to occupy was granted to HLL the purpose of which was to protect CFG2's interests whilst a purchaser was sought.
- 2.5.2 As previously reported, after marketing the leasehold, no serious expressions of interest were received. HLL indicated that it was willing to take an assignment of the lease. After negotiation, an offer of £125,000 received from HLL which was recommended by our agents and accepted.
- 2.5.3 The transfer of the leasehold was completed on 18 February 2011 and a distribution was immediately made to CFG2's secured creditor Sofiya. There are no other realisations anticipated in respect of leasehold premises.
- 2.6 **Rates Refunds**
- 2.6.1 As previously reported property consultants, CAPA, were instructed to review the Companies former leases, negotiate rate reductions and where possible recover any overpayments that may have been made in respect of rates.
- 2.6.2 Subsequently, property consultants, Gerald Eve LLP, indicated that they had been in advanced negotiations with Cardiff Council regarding rate reductions for leasehold properties owned by CFG1. Gerald Eve were therefore instructed to continue negotiations and recover any overpayments in respect of those properties.
- 2.6.3 Recoveries to date, before costs, total £72,083.11 and £1,125.55 for CFG1 and CFG2 respectively. These amounts include the latest realisation of £49,990.15 for CFG1. I estimate that the commission and expenses for realising amount will be approximately £10,000. Efforts to recover funds are continuing, however I am unable to estimate the quantum of any further recoveries.
- 2.7 **Secured Creditor**
- Sofiya holds debentures dated 3 April 2009 in respect of CFG1 and CFG2 incorporating fixed and floating charges over all assets of the Companies. At the date of appointment Sofiya was owed £220,156. A distribution of £105,000 has been made in respect of CFG2. The final amount likely to be realised in respect of the assets is at present uncertain, and I am unable to estimate the quantum of any future dividends in respect of the secured creditor.
- 2.8 We have complied with our statutory obligations under the Company Directors Disqualification Act 1986 and reports have been submitted to the appropriate authority.
- 2.9 Attached at Appendices A(i) and (ii) are summaries of our receipts and payments account for each company for the period from 1 July 2010 to 24 June 2011. This shows what assets of each company have been realised and for what value and what payments have been made to creditors or others.

- 2 10 The following expenses, other than category 2 disbursements (see paragraph 4 6 below) have been incurred during the period of this report. Where exact sums are not available the figures have been estimated

Detail	Incurred £ CFG1	Incurred £ CFG2	Paid £ CFG1	Paid £ CFG2	Unpaid £ CFG1	Unpaid £ CFG2
Statutory Advertising	174 60	-	174 60	-	-	-
Insurance	-	144 99	-	132 57	-	12 42
Bordereau	25 00	25 00	25 00	-	-	25 00
Postage	108 24	-	108 24	-	-	-
Storage	362 62	-	362 62	-	-	-
Sundry Expenses & Disbursements	287 45	-	287 45	-	-	-
IT Licence Fee	75 00	75 00	75 00	-	-	75 00
Total	1032 91	244 99	1032 91	132 57	-	112 42

### 3 ACHIEVING THE PURPOSE OF ADMINISTRATION

- 3 1 As advised in our previous reports dated 25 August 2010 and 26 January 2011, the Joint Administrators must, in each case, perform their functions with the purpose of achieving one of the following objectives

- (a) rescuing the Company as a going concern, or (if this cannot be achieved)
- (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 (if (a) and (b) cannot be achieved)
- (c) realising property in order to make a distribution to one or more secured or preferential creditors

- 3 2 In each case we are obliged to perform our functions in the interests of the Company's creditors as a whole and, where the objective of the Administration is to realise property in order to make a distribution to secured or preferential creditors, we have a duty not to unnecessarily harm the interests of the creditors as a whole

- 3 3 In our opinion it was not possible to achieve the first objective. The Companies had ceased to trade prior to the date of Administration and, quite apart from the contractual problems of reengaging staff, a significant injection of capital would have been required to recommence trading. The directors and shareholders were unable to provide further funding and no third party funder could be identified.

- 3 4 In our opinion it will not be possible to achieve the second objective, since it is unlikely that funds will be available to enable a dividend to be paid to unsecured creditors.

- 3 5 The third objective, namely realising property in order to enable a distribution to one or more secured creditors, is likely to be achieved as it is anticipated that Sofiya will receive a distribution from both Companies following the realisation of assets.

- 3 6 There have been no changes in purpose or significant changes in strategy since our reports of 25 August 2010 and 26 January 2011.

- 3 7 The Administration of CFG1 has been, and will continue to be, financed by monies received from asset realisations. The Administration of CFG2 will be financed from expected asset recoveries.

#### 4 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

- 4.1 The Joint Administrators' proposals for each Company, as approved, stated that "The Joint Administrators think that the Company will have insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176(A)(2)(a) of the Insolvency Act 1986 (prescribed part, if any)"
- 4.2 In view of this the Joint Administrators' remuneration is in each case required to be fixed with the approval of
- (a) each secured creditor of the Company and, if we have made or intend to make a distribution to preferential creditors,
  - (b) preferential creditors whose debts amount to more than 50% of the preferential debts of the Company, disregarding debts of any creditors who do not respond to an invitation to give or withhold approval
- 4.3 In accordance with the provisions of Rule 2.106(2) of the Insolvency Rules 1986 it may be fixed as a percentage of the assets realised and distributed in the Administration, as a set amount or by reference to the time spent. We have however obtained the secured creditor's consent that it be fixed by reference to the time spent in each case. As we do not anticipate any distribution being made to the preferential creditors of either Administration, their consent was not sought.
- 4.4 As advised in our previous report dated 26 January 2011, the Joint Administrators' time costs at 26 January 2011 for CFG1 and CFG2 were £20,987.50 and £25,935.00 respectively. Since that time further costs of £4,320 and £4,925 have been incurred for CFG1 and CFG2 respectively. These costs are summarised at Appendices B(i) and (ii). The summary for CFG1 at Appendix B(i) shows that total time costs of £25,307.50 have been incurred and comprise 135.4 hours at an average rate of £186.91 per hour. The summary for CFG2 at Appendix B(ii) shows time costs of £30,860.00 have been incurred and comprise 159.8 hours at an average rate of £193.12 per hour.
- 4.5 To date, we have drawn remuneration of £20,000 in respect of CFG1. No remuneration has been drawn in respect of CFG2.
- 4.6 Further details of our company's charge out rates and policy regarding the recharge of disbursements, staff allocation, support staff and the use of subcontractors are attached at Appendix C.
- 4.7 The Joint Administrators have also sought approval from the secured creditor of the basis upon which we recharge internal disbursements that include an element of allocated costs. These are known as Category 2 costs and the basis of their recharge is also attached at Appendix C. Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as "category 1 disbursement". Category 1 disbursements will generally comprise items such as identifiable telephone calls, postage, advertising, invoiced travel and properly reimbursed expenses, including car mileage at 45p a mile, incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and storage. No costs in this category have been incurred.

4.8 We have used the following professional advisors, including subcontractors

**CFG1**

Name of Professional Advisor	Service Provided	Basis of Fees
AgentCite Limited	Agents and valuation services	Commission
CAPA	Property consultancy	Commission
Gerald Eve LLP	Property consultancy	Commission
Francis Wilks & Jones LLP	Legal services	Time costs

**CFG2**

Name of Professional Advisor	Service Provided	Basis of Fees
AgentCite Limited	Agents and valuation services	Commission
CAPA	Property consultancy	Commission
Francis Wilks & Jones LLP	Legal services	Time costs
MacRoberts LLP	Legal services	Time costs

Details of our company's policy regarding the choice of advisors and the basis for their fees are also attached at Appendix C

**5 PRE-ADMINISTRATION COSTS**

The following amounts in respect of pre-administration costs have been incurred and approval of the secured creditor given for repayment

**CFG1**

Charged by	Services provided	Total incurred £	Amount approved and paid £	Amount unpaid £
Leonard Curtis	Financial assessment and discussions with secured creditor	-	-	£1,200

**CFG2**

Charged by	Services provided	Total incurred £	Amount approved and paid £	Amount unpaid £
Leonard Curtis	Financial assessment and discussions with secured creditor	-	-	£950



## **6 CREDITORS' RIGHTS**

6 1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Joint Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report

6 2 Within 14 days of receipt of the request, we must provide all of the information asked for, except so far as we consider that -

- i) the time or cost of preparation of the information would be excessive, or
- ii) disclosure of the information would be prejudicial to the conduct of the Administration or might reasonably be expected to lead to violence against any person, or
- iii) we are subject to an obligation of confidentiality in respect of the information

We must also give reasons for not providing all of the information

6 3 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to Court on the grounds that the basis fixed for the Joint Administrator's remuneration, the remuneration charged or the expenses incurred by the Joint Administrators as set out in this progress report are excessive

## **7 EXTENSION OF ADMINISTRATIONS**

7 1 The appointment of the Joint Administrators ceases to have effect at the end of the period of one year beginning with the date on which it takes effect

7 2 However, it is possible to extend the period of the Joint Administrators' term of office for a specified period not exceeding six months. If this is deemed appropriate, the Joint Administrators may seek consent of the following to such an extension

- (a) each secured creditor of the Company and, if we think that a distribution may be made to preferential creditors,
- (b) preferential creditors whose debts amount to more than 50% of the Company's preferential debts, disregarding debts of any creditor who does not respond to an invitation to give or withhold consent for such extension

7 3 In both of these cases we have sought the consent of the secured creditor for an extension of the Administrations until 30 December 2011

## **8 FURTHER ASSETS TO BE REALISED**

The only remaining assets outstanding are the potential rates recoveries. At present I am unable to estimate the final recoverable amounts

**9 OTHER RELEVANT INFORMATION**

- 9.1 The automatic deadline for the Administrations to end is 30 June 2011
- 9.2 Based on current information, I am unable to estimate the likely outcome for the secured creditor. However I do not anticipate there will be sufficient funds to pay any dividend to either the preferential or unsecured creditors of either Company either by virtue of the prescribed part or otherwise.
- 9.3 In the event that there are insufficient monies available to declare a dividend to ordinary unsecured creditors of either Company, which we expect to be the case, we will give notice to Registrar of Companies to move the Companies directly from Administration to dissolution.
- 9.4 In the unlikely event that funds do become available to declare a dividend to ordinary unsecured creditors of either Company, we will give notice to the Registrar of Companies to move that Company from Administration into CVL. Following this notice the appointment of the Joint Administrators will cease to have effect and the appointment of a Liquidator will be effective. In accordance with the Joint Administrators' proposals approved by creditors, I will become Liquidator.

Creditors requiring further information should contact our office, in writing. Electronic communications should also contain a full postal address.

for and on behalf of  
**CFG LEISURE 1 LIMITED**  
**CFG LEISURE 2 LIMITED**



**N A BENNETT**  
Joint Administrator

Licensed in the UK by the Insolvency Practitioners Association

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

**Summary of Joint Administrators' Account of Receipts and Payments  
for the period 1 July 2010 to 24 June 2011**

	Estimated Financial Position £	Fixed £	Floating £	Total £
<b>RECEIPTS</b>				
Tangible Assets	uncertain	-	-	-
Stock	uncertain	-	-	-
Trade Debtors	uncertain	-	-	-
Pre-payments	uncertain	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	uncertain	-	-	-
	<hr/>			
Rates Refund		-	72,083 11	72,083 11
Deposit Interest Gross		-	61 23	61 23
		<hr/>	<hr/>	<hr/>
		-	72,144 34	72,144 34
<b>PAYMENTS</b>				
Statutory Advertising		-	174 60	174 60
IT Licence Fee		-	75 00	75 00
Bordereau Fee		-	25 00	25 00
Printing, Postage, Photocopying		-	108 24	108 24
Storage		-	362 62	362 62
Sundry Expenses/Disbursements		-	287 45	287 45
Joint Administrators' Remuneration - on account		-	20,000 00	20,000 00
VAT		-	4,168 90	4,168 90
		<hr/>	<hr/>	<hr/>
		-	25,201 81	25,201 81
		<hr/>	<hr/>	<hr/>
<b>Balance in Hand</b>		-	46,942 53	46,942 53
	<hr/>	<hr/>	<hr/>	<hr/>

**Summary of Joint Administrators' Account of Receipts and Payments  
for the period 1 July 2010 to 24 June 2011**

	Estimated Financial Position £	Fixed £	Floating £	Total £
<b>RECEIPTS</b>				
Tangible Assets	uncertain	-	-	-
Leasehold Property	125,000	125,000 00	-	125,000 00
Stock	uncertain	-	-	-
Debtors	uncertain	-	-	-
Inter-Company Loan	-	-	-	-
Pre-payments	-	-	-	-
	uncertain	125,000 00	-	125,000 00
Rates Refund		-	1,128 55	1,128 55
Deposit Interest Gross		10 35	0 97	11 32
		125,010 35	1,129 52	126,139 87
<b>PAYMENTS</b>				
Insurance		-	132 57	132 57
Solicitors' Fees and Expenses		8,000 63	-	8,000 63
VAT Input Tax		1,599 72	-	1,599 72
		9,600 35	132 57	9,732 92
<b>DISTRIBUTIONS</b>				
Secured creditor Sofiya Limited		105,000 00	-	105,000 00
Balance in Hand		10,410 00	996 95	11,406 95

## Summary of Joint Administrators' Time Costs from 1 July 2010 to 27 May 2011

	Director		Principal Manager		Manager 1		Manager 2		Senior Administrator		Administrator		Support		Total		Average
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Hourly Rate £
Statutory & Review	20	900.00			71	1,775.00	15	300.00	5	75.00	100	1,000.00	-		196	4,050.00	206.63
Receipts & Payments											32	320.00			32	320.00	100.00
Insurance											103	1,030.00			103	1,030.00	100.00
Assets					99	2,475.00	-		-		50	500.00	-		149	2,975.00	199.66
Liabilities	10	450.00			103	2,575.00					210	2,100.00	1	7.50	324	5,132.50	158.41
Landlords	10	450.00	8	280.00	40	1,000.00					75	750.00	-		133	2,480.00	186.47
Debenture Holder	10	450.00			20	500.00	-		-		20	200.00			50	1,150.00	230.00
General Administration					120	3,000.00					44	440.00			164	3,440.00	209.76
Appointment	30	1,350.00			20	500.00					95	950.00			145	2,800.00	193.10
Post Appointment Creditor Reporting	20	900.00	8	280.00	30	750.00									58	1,930.00	332.76
<b>Total</b>	<b>100</b>	<b>4,500.00</b>	<b>16</b>	<b>560.00</b>	<b>503</b>	<b>12,575.00</b>	<b>15</b>	<b>300.00</b>	<b>5</b>	<b>75.00</b>	<b>729</b>	<b>7,290.00</b>	<b>1</b>	<b>7.50</b>	<b>1,354</b>	<b>25,307.50</b>	
<b>Average Hourly Rate (£)</b>		<b>450.00</b>		<b>350.00</b>		<b>250.00</b>		<b>200.00</b>		<b>150.00</b>		<b>100.00</b>		<b>75.00</b>		<b>186.91</b>	
All Units are 6 minutes																	

## Summary of Joint Administrators' Time Costs from 1 July 2010 to 27 May 2011

	Director		Principal Manager		Manager 1		Manager 2		Senior Administrator		Administrator		Total		Average
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Hourly Rate £
Statutory & Review	20	900 00		-	86	2,150 00	15	300 00	5	75 00	100	1 000 00	226	4 425 00	195 80
Receipts & Payments					10	250 00				-	25	250 00	35	500 00	142 86
Insurance				-	20	500 00				-	123	1 230 00	143	1,730 00	120 98
Assets	30	1 350 00			142	3 550 00		-	-	-	73	730 00	245	5 630 00	229 80
Liabilities	10	450 00	-	-	58	1 450 00			5	75 00	184	1 840 00	257	3 815 00	148 44
Landlords	10	450 00	8	280 00	123	3 075 00				-	105	1 050 00	246	4 855 00	197 36
Debenture Holder	10	450 00		-	30	750 00				-	15	150 00	55	1 350 00	245 45
General Administration				-	113	2 825 00		-			55	550 00	168	3 375 00	200 89
Appointment	30	1 350 00			20	500 00		-	-		95	950 00	145	2 800 00	193 10
Post Appointment Creditor Reporting	20	900 00	8	280 00	20	500 00		-		-			48	1 680 00	350 00
Investigations					20	500 00	10	200 00					30	700 00	233 33
Total	130	5 850 00	16	560 00	642	16 050 00	25	500 00	10	150 00	775	7 750 00	1 598	30 860 00	
Average Hourly Rate (£)		<u>450 00</u>		<u>350 00</u>		<u>250 00</u>		<u>200 00</u>		<u>150 00</u>		<u>100 00</u>		<u>193 12</u>	

All Units are 6 minutes

## APPENDIX C

### CHARGE OUT RATES AND POLICY REGARDING STAFF ALLOCATION, SUPPORT STAFF, THE USE OF SUBCONTRACTORS AND THE RECHARGE OF DISBURSEMENTS

The following information relating to the policy of Leonard Curtis is considered to be relevant

#### Charge out Rates

The following hourly charge out rates apply to all assignments undertaken by Leonard Curtis

Director	£450
Principal Manager	£350
Senior Manager	£325
Manager 1	£250
Manager 2	£200
Manager 3	£175
Senior Administrator	£150
Administrator	£100
Support	£75

#### Staff Allocation, Support Staff and the Use of Subcontractors

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is charged. Details of any subcontractor(s) used are given in the attached report.

#### Professional Advisors

Details of any professional advisor(s) used are given in the attached report. Unless otherwise indicated the fee arrangement for each will be based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors will be based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

#### Disbursements

Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as a "category 1 disbursement". Category 1 disbursements will generally comprise supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses, including car mileage at 40p a mile, incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

Where we propose 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, documents storage or communication facilities provided by us) they must be disclosed and be authorised by those responsible for approving the joint administrators' remuneration. Such expenditure is referred to as a "category 2 disbursement". The following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision.

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Room Hire	£100
Storage of office files (6 years)	£88.75 per box