

**2.17B**

The Insolvency Act 1986

**Statement of administrator's proposals**

Name of Company

Carter &amp; Carter Colleges Limited

Company number

6026202

In the

High Court of Justice, Chancery Division  
(full name of court)

Court case number

2022 of 2008

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

I/We (a)

Nicholas James Dargan  
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I/We (a)


\*Delete as  
applicable

attach a copy of \*my/our proposals in respect of the administration of the above company

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

(b) 2 May 2008

Signed

  
Joint / Administrator(s)

Dated

2/5/08

**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  
formThe  
will be  
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)X Number

DX Exchange

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

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<b>Carter &amp; Carter Group plc</b>	<b>Court No. 2011 of 2008</b>
<b>Carter &amp; Carter Apprentice Learning Limited</b>	<b>Court No. 2019 of 2008</b>
<b>Retail Motor Industry Training Limited</b>	<b>Court No. 2021 of 2008</b>
<b>Capital Skills Limited</b>	<b>Court No. 2025 of 2008</b>
<b>Capital Workforce Development Limited</b>	<b>Court No. 2013 of 2008</b>
<b>Interactive Training Management Limited</b>	<b>Court No. 2028 of 2008</b>
<b>Quantica Selection Training Limited</b>	<b>Court No. 2023 of 2008</b>
<b>Quantica Training Limited</b>	<b>Court No. 2012 of 2008</b>
<b>Carter &amp; Carter Limited</b>	<b>Court No. 2014 of 2008</b>
<b>NTP Limited</b>	<b>Court No. 2024 of 2008</b>
<b>Carter &amp; Carter Employability and Skills Limited</b>	<b>Court No. 2018 of 2008</b>
<b>ASSA Training and Learning Limited</b>	<b>Court No. 2026 of 2008</b>
<b>IMS (UK) Limited</b>	<b>Court No. 2016 of 2008</b>
<b>Constant Browning Edmonds Limited</b>	<b>Court No. 2027 of 2008</b>
<b>Carter &amp; Carter Colleges Limited</b>	<b>Court No. 2022 of 2008</b>
<b>G.M.C. Consultants Limited</b>	<b>Court No. 2020 of 2008</b>
<b>Emtec (Specialised Services) Limited</b>	<b>Court No. 2241 of 2008</b>

**(ALL IN ADMINISTRATION)**

**STATEMENT OF PROPOSALS PURSUANT TO  
PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986**

**1 May 2008**

**This report has been prepared for the sole purpose of advising creditors pursuant to 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 advising them, or by any other person for any purpose whatsoever.**

**The Joint Administrators act as agents and without personal liability**

**Nicholas James Dargan, Dominic Lee Zoong Wong and Christopher James Farrington  
Deloitte & Touche LLP  
1 Woodborough Road  
Nottingham  
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## ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used

"the Act"	Insolvency Act 1986 (as amended)
"ALD"	Apprentice Learning Division
"the Board"	Board of Directors
"CBE"	Division created from acquisition of Constant Browning Edmonds Limited
"the Company"	The relevant corporate entity to which these proposals are addressed
"CPT"	Craig Phillips Training Limited
"Deloitte"	Deloitte & Touche LLP
"DWP"	Department of Work and Pensions
"Employability"	Part of the ESD division
"Emtec"	Emtec Group
"ESD"	Employability and Skills Division
"the Group"	Carter and Carter Group plc (and certain associated subsidiaries) in Administration
"the Joint Administrators"	Nicholas James Dargan, Dominic Lee Zoong Wong and Christopher James Farrington
"LSC"	Learning & Skills Council
"NETA"	Nottingham Engineering Training Association
"NTP"	Division created from acquisition of NTP Limited
"NC"	Newcastle College
"OEM"	Original Equipment Manufacturer
"OSD"	Outsourcing Services Division
"PLC"	Central operating function of Carter & Carter Group plc providing support to the divisions
"the Rules"	Insolvency Rules 1986
"Quantica"	Quantica Division
"ReMIT"	Retail Motor Industry Training Limited
"Skills"	Part of the ESD division
"T2G"	Train 2 Gain
"TUPE"	Transfer of Undertakings (Protection of Employment) Regulations 2006
"WBL"	Work Based Learning

## **1. BACKGROUND**

### **1.1 Introduction**

This report is prepared pursuant to Paragraph 49 of Schedule B1 of the Act, which requires the Joint Administrators to provide creditors with details of their proposals to achieve the purposes of the Administration Orders

To assist the creditors the following information is included in the report

- Background to the Group,
- The circumstances giving rise to the Administrations,
- The manner in which the affairs of the businesses have been managed,
- Realisations, fees and expenses;
- Other information to assist creditors

As there are insufficient funds for a distribution to the unsecured creditors in respect of any of the Group entities other than by virtue of Section 176A(2)(a) of the Act, and in accordance with Paragraph 52(1)(b) of Schedule B1 of the Act, the Joint Administrators will not be convening a creditors' meeting, unless required to do so

Should creditors of the Company, whose total debts amount to at least 10% of the total debts of the Company, wish to request a meeting be held they should complete the attached Form 2 21B and return it within the deadline stated. In the event no requests (in the prescribed manner) are received within 12 days of issue of this statement, the proposals will be deemed approved

If the Joint Administrators' proposals are agreed, the Joint Administrators will continue to control the business of the Group to the extent that it has not been sold or transferred to third parties. The Joint Administrators will at some later date arrange for the Company to exit from the Administration, as agreed by the creditors

### **1.2 Background**

The Group comprises 62 entities, the majority of which are either dormant or had already hived their business and assets to other entities before the Administration

The key remaining entities are either trading or asset owning entities which are split into 6 separate divisions. Further details in respect of each of the main divisions are given in the following sections of this report

### **1.3 Group Structure**

A Group structure is shown at Appendix 1. Please note that we have only been appointed as Joint Administrators of those companies which are highlighted on the group structure

### **1.4 Business**

The Group had grown significantly over the last three years from a series of nine acquisitions to create a national provider of vocational learning and outsourced services. The acquisitions were largely responsible for the growth in the revenue of

the Group from c£51m for the year ended 31 July 2005 to c£118.9m (unaudited) for the year ended 31 July 2007

The Group's head office was located in Ruddington, Nottingham, and it operated from trading premises throughout the UK

## 1.5 Overview of Financial Information

Extracts from the audited Group accounts for the year ending 31 July 2006 and draft unaudited Group accounts for the year ending 31 July 2007 and 7 months to 29 February 2008 are shown below

Please note that this information has not been verified by the Joint Administrators or by Deloitte & Touche LLP.

### Summary Group Profit and Loss

£m	Management accounts		Audited accounts
	7 months to 29 February 2008	Year ending 31 July 2007	Year ending 31 July 2006
Turnover	65.9	118.9	94.1
Employee-related expenses	(50.5)	(78.1)	(47.4)
Infrastructure and other expenses	(21.2)	(51.0)	(26.5)
Share-based payments	-	-	(0.2)
Depreciation	(1.4)	(3.5)	(1.4)
Amortisation and impairment of intangibles	(0.4)	(79.2)	(1.7)
Exceptional costs	(8.7)	(18.1)	(5.0)
Operating Profit / (Loss)	<u>(16.3)</u>	<u>(111.0)</u>	<u>11.9</u>
Interest receivable	2.6	1.7	0.3
Interest payable	(10.1)	(7.4)	(3.7)
Profit / (Loss) before Tax	<u><u>(23.8)</u></u>	<u><u>(116.7)</u></u>	<u><u>8.5</u></u>

Source: Management and Audited Accounts

### Summary Group Balance Sheet

£m	Management accounts		Audited accounts
	As at 29 February 2008	As at 31 July 2007	As at 31 July 2006
Tangible assets	18.0	16.7	16.1
Intangible assets	78.2	77.2	110.9
Fixed assets	<u>96.2</u>	<u>93.9</u>	<u>127.0</u>
Current assets	23.9	29.3	29.7
Current liabilities	(57.2)	(59.0)	(37.9)
Long term liabilities	(131.2)	(114.1)	(60.3)
Net Assets / Liabilities	<u><u>(68.3)</u></u>	<u><u>(49.9)</u></u>	<u><u>58.5</u></u>
<b>Shareholders' Funds</b>			
Ordinary Shares	1.7	1.7	1.7
Share Premium	26.5	26.5	53.0
Profit and Loss Reserve	(131.9)	(113.5)	(0.6)
Other Reserves	35.4	35.4	4.4
	<u><u>(68.3)</u></u>	<u><u>(49.9)</u></u>	<u><u>58.5</u></u>

Source: Management and Audited Accounts

## **1.6 PLC**

PLC provided a number of central support functions to the trading divisions in addition to being the principal employer company and freehold property holding company for the Group

These support functions included IT infrastructure and management, Group payroll, fleet management, property management, and company secretarial services. PLC also managed issues such as insurance, quality and health and safety for the divisions. Group services and central management involved 37 employees in total and operated from the head office site at Ruddington

## **1.7 ALD**

ALD delivered mainly government funded apprenticeships to automotive manufacturers, automotive dealer networks, independent companies within the automotive industry and to the construction industry

The ALD division was established in August 2006 to bring together acquisitions made by Group over recent times, and a new management team was established to control this newly formed division

The head office for ALD was based in Ruddington but the division also operated from a number of other leasehold sites throughout the rest of the UK to facilitate the training of apprentices

Prior to 2003, the Group provided entirely consultancy based services. However, in 2003 the Emtec Group was acquired. Emtec primarily delivered apprenticeships to a number of major automotive manufacturers, but also provided some apprenticeships to independent automotive companies

In May 2006 the Group also acquired ReMIT. This company was previously controlled by the Retail Motor Industry Federation. ReMIT provided a large number of apprenticeships to independent automotive companies, and also to some major automotive manufacturers.

Substantially all of the apprenticeship training carried out by ALD is funded by the Government. For manufacturer training programmes the training was mainly carried out by ALD staff, and for independent training programmes the training of the apprentice was generally carried out by local colleges

In March 2006, the Group also acquired CPT, a company that provided training to apprentices within the construction industry.

At the time of the establishment of ALD in August 2006, it comprised the apprentice learning aspects of Emtec, ReMIT and CPT. A further acquisition was made in May 2007, NETA, and this was also incorporated into the division

Historically, Emtec and ReMIT were the two main providers of apprentice learning within the automotive industry, to the extent that between them they undertook the training of up to 80% of automotive manufacturer apprentices. Accordingly, the

acquisition of these two training companies, in 2003 and 2006, resulted in the Group becoming the largest trainer of automotive apprentices in the UK market

## 1.8 OSD

OSD was the first division to be established by the Group in 1992. It provided outsourced services to car manufacturers, with services performed in 15 countries.

In addition to this it also generated revenue from the Motor Sports Academy (a training body for individuals in the motor sports industry), which it assisted in establishing on behalf of the government and the Motor Sports Council.

Services performed by OSD included commercial and technical training, staff outsourcing, warranty audits and financial services.

Customer agreements provided for the onward charge of employee salary costs, plus a mark up and travel and subsistence expenses at cost. Employees were provided under agreed terms, typically for a fixed period.

Employees were usually employed directly by OSD on a permanent basis, although a limited number were third party contractors. If a customer terminated a contract with OSD, or OSD was unsuccessful with a re-tender, the employee was typically either transferred to the customer, or to the new service provider, under TUPE.

OSD had 3 sub-divisions -

- **Network Development** included service and process, accident repair and technical support
- **Sales & FS** included vehicle and parts sales and financial services
- **Training** included commercial and technical training. It included overseas subsidiaries (Australia, Japan, Germany and the USA), which acted as branch offices and provided services in their own territories.

OSD traded from the Group's head office in Ruddington where the division's finance function was based. The majority of the other divisional staff were based at the clients' premises.

## 1.9 NTP

NTP was acquired by the Group in December 2006 and generated its revenue from three business segments:

- 1 **Funding Management** (c50% of revenue) Provision of brokerage service between the Government and training providers. NTP earned a commission based on the volume of contracts managed.
- 2 **Training Delivery** (c40% of revenue) Direct interaction with learners, with fees based on the numbers of learners undergoing training. Pricing structures varied by contract.



- 3      **Consulting** (c10% of revenue)    Provision of consulting services to Government and corporate bodies delivering work based training to their employees

Central functions (such as management and accounting) were based in Sheffield, together with Funding Management and Consulting. The majority of the Training Delivery work was undertaken in the field whose staff were based from home. At the time of the Joint Administrators' appointment NTP had c260 staff

#### **1.10    ESD**

ESD comprised two divisions, Employability and Skills. Employability focused on soft skills development aimed at getting unemployed individuals into employment under Government funded initiatives. Skills was focused on NVQ delivery including the Government's latest skills initiative, T2G

##### ***Employability***

Fern Training and Development Ltd was acquired on 9 February 2006 and formed the core of the Employability division

Operating from its head office in Derby, the division had a number of training centres around the country, with the primary locations being Leicester, Grimsby and Scunthorpe. It was awarded various contracts by DWP and LSC primarily aimed at individuals on job seekers allowance and incapacity benefit with new and additional skills to assist in their efforts in finding employment

The division had three principal contract types: New Deal Private Sector Lead, New Deal for Disabled People and Offenders Liaison and Advisory Service, which accounted for approximately 46% of the division's revenue

At the date of Administration Employability had 340 employees split between those working on DWP and LSC contracts (317 employees) with the remainder engaged in support functions (23 employees)

##### ***Skills***

The Skills division was formed from the acquisition of the ASSA Training and Learning Group by the Group on 1 September 2006. The division was supplemented by the acquisition of Stancliffe (as part of FERN Group on 9 February 2006) and IMS in May 2007

The Skills division operated Government training contracts aimed at individuals who whilst in employment had few formal qualifications. Revenue was predominately generated from the Learn Direct scheme until the contract was lost in July 2006

The division had successfully tendered for T2G contracts in 8 out of the 9 LSC areas following the launch of the initiative by the Government in August 2006. In anticipation of a significant take up of this initiative, Skills increased its assessor team from c70 to c240 at the start of 2007. However take up proved to be slower than anticipated. Management recognised this and took steps to restructure the business so that by the time of our appointment total staff numbers had been reduced to c110

Given the on site nature of the training delivered, the majority of the staff were based from home. Back office facilities were maintained in Sheffield (shared management support with NTP), Lichfield and Sunderland.

#### **1.11 Quantica**

Quantica was acquired by the Group on 9 December 2006 from Quantica PLC. It provided training and assessment services, funded by the LSC, for young and unskilled people working in local companies who wished to achieve a recognised qualification.

It primarily traded from two key sites in Hounslow and Sale, with several satellite offices being used to provide training in the London M25 (Redhill, Surrey, Hayes, Kingston, Sutton and Twickenham) and Manchester areas.

The division's revenue was predominantly generated from 8 key contracts with the LSC. The division encompassed a number of corporate entities including Quantica Training Limited, Quantica Selection Training Limited, Capital Skills Limited, Capital Workforce Development Limited, Interactive Training Management Limited and G M C Consultants Limited.

#### **1.12 CBE**

CBE provided Government funded training programmes on a national basis under the WBL and T2G schemes. The courses were delivered in the workplace and key subjects included business administration, ICT, retailing and customer service.

CBE was acquired by the Group in May 2007. It operated from leasehold premises in Peterborough. At the date of appointment, CBE employed 180 staff, of which 108 were training consultants, with the remainder being sales, administrative and accounting staff.

The LSC accounted for c99% of the division's revenues. The LSC had been increasing its contract commitments to CBE, with revenues raised from c£4.2 million in 2006, and management were expecting further growth in 2008/9.

#### **1.13 Other**

##### ***College Partnerships***

This business operated one contract which was run in conjunction with North Hertfordshire College. An agreement was set up whereby College Partnerships provided the employees and certain materials to run the courses operated from North Hertfordshire College. The administrative and funding matters were dealt with by North Hertfordshire College.

There were 21 employees within the College Partnerships business.

##### ***Other Shareholdings***

The Group also had shareholdings in various trading and non-trading subsidiaries and associated companies that did not enter into Administration. These included

- Carter & Carter (Australia) Pty Ltd,
- Vivemotion Ltd (registered in Ireland),
- Carter & Carter KK,
- Autoexel Ltd,
- Quantica Training (Australia) Pty Ltd,
- Carter & Carter Germany GmbH, and
- Inhoco Inc

These are discussed in more detail in Section 3.14

#### **1.14 Statutory Information**

Statutory information on the Company, including details of the directors and Company Secretary, Bankers & Financiers is provided at Appendix 2

## **2. THE CIRCUMSTANCES GIVING RISE TO THE APPLICATION FOR THE ADMINISTRATION ORDERS**

### **2.1 Events prior to Administration**

As highlighted earlier in this report, the Group had grown rapidly through a series of acquisitions. The integration of the acquired businesses into the Group had proved problematic, and a number of the divisions had continued to be run substantially as quasi-standalone businesses, resulting in a lack of consistent controls and practices across the Group.

During the Summer of 2007, we understand that a number of accounting and record keeping issues emerged. The issues concerned the accuracy and completeness of learner records, and consequently the level of funding claims made to the LSC, the Group's primary customer. The Board took steps to put in place processes to cleanse the learner records and quantify amounts potentially over claimed from the LSC. New management was brought into key roles within the Group. The Board made an announcement to the stock exchange on 2 October 2007, and the shares in Carter & Carter Group Plc were suspended at that time.

The Group then entered into a period of intensive negotiations with its bankers in an effort to agree a restructuring of the Group's financial liabilities and to secure ongoing funding facilities. At the same time, the Group instructed NM Rothschild & Sons (its financial adviser) to attempt to find a buyer or new investor for the Group as a whole.

By March 2008, it was apparent to the Board that the Group's bankers would not be able to agree suitable terms for a restructuring. No buyer or new investor for the Group had been found, and therefore the Board filed a notice of intention to appoint Administrators on 10 March 2008.

### **2.2 Details of our Appointment as Administrators**

Nicholas James Dargan of Deloitte & Touche LLP, Athene Place, 66 Shoe Lane, London, EC4A 3BQ, Dominic Lee Zoong Wong of Deloitte & Touche, Four Brindleyplace, Birmingham B1 2HZ and Christopher James Farrington of Deloitte & Touche LLP, 1 Woodborough Road, Nottingham, NG1 3FG were appointed Joint Administrators of Carter and Carter Group plc and fifteen subsidiaries detailed at Appendix 3 on 11 March 2008 by the High Court of Justice, Chancery Division, Companies Court, London on application of the directors. We were also appointed as the Joint Administrators of Emtec (Specialised Services) Limited on 14 March 2008 by the High Court of Justice, Chancery Division, Companies Court, London on application by the company.

For the purposes of Paragraph 100 of Schedule B1 of the Act the Administrators confirm that we are authorised to carry out all functions, duties and powers by any of us, jointly or severally.

### **2.3 Purpose of the Administrations**

From 15 September 2003 the Enterprise Act 2002 replaced the previous four purposes of Administration with one overarching purpose, split into a 3 part single purpose.

- Firstly, to rescue a company as a going concern (in other words a restructuring which keeps the entity intact)
- Secondly, if the first purpose is not reasonably practicable (or the second purpose would clearly be better for the creditors as a whole), then the administrator must perform his functions with the objective of achieving a better result for creditors than would be obtained through an immediate liquidation of the company. This would normally be by a sale of the business and assets as a going concern.
- Thirdly, if neither of the first two parts of the purpose are reasonably practicable, the administrator must perform his functions with the objective of realising property in order to make a distribution to secured and/or preferential creditors.

Given the extent of the financial and other liabilities in the principal Group companies, it was not feasible to maintain the legal entities of the principal trading companies intact (i.e. by way of a sale of shares to a third party). Solvent restructuring options, and other options which may have preserved the legal entities, had been fully (and unsuccessfully) explored by the Group, its advisers and its bankers in the period prior to the appointment of the Joint Administrators.

The Joint Administrators consider that the second purpose of Administration (as set out above) has been achieved in part, in that the Joint Administrators have to date achieved going concern sales (on a business and asset basis) of the Employability, CBE, Quantica, NTP divisions and the construction elements of the ALD division all to Newcastle College. The intellectual property and goodwill of the ReMIT Business have also been sold to Ingleby (1776) Limited, with several of ReMIT's employees being transferred to or re-employed by the new owner.

In respect of the businesses not sold or transferred to new ownership, being the remainder of the ALD division, the Skills division and parts of the OSD division, the Administration period should result in enhanced book debt recoveries (as compared to an immediate liquidation) and the orderly transition of learners to third parties.

### **3 THE MANNER IN WHICH THE AFFAIRS OF THE BUSINESS HAVE BEEN MANAGED AND FINANCED AND WILL CONTINUE TO BE MANAGED AND FINANCED IF THE PROPOSALS ARE APPROVED**

#### **3.1 Introduction**

Following detailed discussions with the directors over the weekend prior to the appointment of the Joint Administrators, it was decided that the following strategy would be implemented, with a view to achieving the best outcome possible in the circumstances for the key stakeholders in the Group

- To continue to trade all the principal operating divisions of the Group, for a period of up to two weeks
- To immediately market the businesses for sale as a going concern, either in whole or in parts.
- To continue to provide head office support functions to the trading entities within the Group for the trading period

The Joint Administrators (and the directors) were of the opinion that the value in the Group would be best preserved through a going concern sale of the trading businesses. This strategy helped to preserve employee jobs and there were no redundancies made at the commencement of the Administrations

#### **3.2 PLC**

In order to ensure the continued trading of the divisions to preserve value and to minimise any disruption resulting from the Administration, PLC continued to trade for a two week period. During this period costs were closely monitored and only essential costs were incurred. These primarily related to employee payroll costs and IT costs.

On 21 March 2008, the business and assets of PLC were acquired by Newcastle College ("NC"), together with a number of other divisions as detailed below. In this respect all PLC business employees, whose day to day responsibilities were in the divisions, were transferred to the purchaser as part of the acquisition.

Due to PLC's function prior to and during the Administration trading period, there have been a number of transitional issues in respect of the support functions and we have been (and are continuing to) work closely with NC to ensure these issues are managed appropriately.

#### **3.3 ALD**

ALD was responsible for the training needs of some c8,500 apprentice learners. In order to facilitate the ongoing trading of the division (whilst pursuing the strategy as outlined above) ongoing trading support was sought from a number of key suppliers.

Having successfully obtained the support of these suppliers, training of the apprentices continued with limited disruption whilst steps were taken to advertise the business for sale and seek potential purchasers.

By 20 March 2008, it was recognised that no material expressions of interest from prospective purchasers to acquire the whole of ALD on terms acceptable to the Administrators had been forthcoming. However, a sale of the construction element of the ALD business to NC was achieved on 21 March 2008, resulting in the continued employment of 76 ALD employees. It should also be noted that the transfer of these employees under TUPE to NC has substantially mitigated their preferential and unsecured claims in the Administration.

Additionally on 11 April 2008 we successfully achieved a sale of the NETA part of ALD to Castle College. This resulted in the transfer of a further 13 ALD employees under TUPE, again thereby substantially mitigating their preferential and unsecured claims in the Administration.

Continuity of trading and a successful sale enabled the Joint Administrators to realise value in the business and also protect pre-appointment book debts which may not have been realised if the division had ceased trading immediately on appointment.

Due to the lack of material interest from prospective purchasers in the remaining part of the division and in order to minimise costs and trading losses, the remaining divisional trading operations were ceased and a number of redundancies were made on 20 March 2008.

Since this date, the Joint Administrators have retained a small number of the employees within ALD to assist with the collection of book debts in order to maximise debtor realisations for the benefit of creditors. They are also assisting and working with the LSC to facilitate the placement of apprentices with other training providers to minimise the disruption to their ongoing training. Both of these tasks are still ongoing at this time.

The transition of learners to alternative training providers has to date resulted in over 100 ALD employees being transferred to new employers under TUPE. These transfers will substantially mitigate those employees' preferential and unsecured claims in the Administrations.

The Joint Administrators continue to work closely with the LSC to provide positive solutions for the remaining apprentice learners, and remain optimistic that alternative training providers can be found.

At the same time, the Joint Administrators continue to oversee collection of the remaining book debts to maximise realisations for the benefit of creditors.

### **3.4 OSD**

It was determined as part of the initial strategy to continue to trade the division with a view to selling it as a going concern either in whole or in part or as part of a wider sale of the entire Group.

The decision to continue trading was based on the fact that the business was profitable, it would enhance the likelihood of continuity for customers and would potentially result in an offer for the business which would include an element for goodwill. It should also be noted that had trading not been continued and service to

customers ceased this would have prejudiced the outstanding book debts and potentially severely diminished the prospects of recovery for the benefit of creditors.

There was a significant risk that customers would terminate contracts due to the uncertainty over the business' future VW Group terminated its contract on 18 March 2008 which accounted for approximately 50% of the division's turnover As a result of this, the business became economically unviable and potential interest in the OSD business evaporated

In light of this, the Joint Administrators had no option other than to make the non-customer oriented employees redundant whilst retaining a team of individuals to assist with the book debt recoveries

On 20 March 2008 the Joint Administrators transferred the following staff to new service providers under TUPE

Calex UK Limited	21
MSX International	4
PH Impetus	41
Newcastle College	4
Serco	315
Speedy Hire	15
Valley Forge	2
<b>Total</b>	<b>402</b>

These transfers substantially mitigated those former employees' preferential and unsecured claims

Of the remaining staff, 125 were made redundant with effect from 20 March 2008 and five staff were retained within the finance team

Six of the staff who were made redundant were then engaged by the Joint Administrators on a consultancy basis to assist with book debt collections The consultants have existing client relationships and the Joint Administrators believe that by continuing to employ them will significantly enhance recoveries for creditors

Asset recoveries are ongoing and weekly reports are being provided to the Joint Administrators

### **3.5 NTP**

The majority of the NTP business was included in the sale to NC on 21 March 2008 The Joint Administrators are currently working with NC to invoice and collect all pre-disposal debtors (including those relating to the Administrators' trading period) The sale included the transfer under TUPE of 243 employees to NC and has resulted in the substantial mitigation of those employees' preferential and unsecured claims

Continuity of trading and a successful sale enabled the Joint Administrators to realise the value in the business and also protect pre-appointment book debts which may not have been realised if the division had ceased trading on appointment



Several contracts were not included within the sale, and 37 staff related to those contracts were made redundant on 20 March 2008

### **3.6 ESD**

The ESD division included two sub-divisions, called "Employability" and "Skills "

#### ***Employability***

The Joint Administrators concluded that there was a strong probability that the division could be sold as a going concern and that the business should therefore continue to trade and provide necessary training requirements under the contracts with DWP and LSC

A number of parties expressed an interest in either part or the whole of the division. Negotiations with several parties continued and culminated in the inclusion of the Employability division in the sale to NC on 21 March 2008

The successful sale enabled the Joint Administrators to realise the value in the business and also protect pre-appointment book debts which may not have been realised if the division had ceased trading on appointment

As part of the sale agreement, NC will invoice and collect all pre-disposal debtors (including those relating to the Joint Administrators' trading period). The Joint Administrators continue to monitor the position and liaise with NC in order to maximise realisations of these debts

As a result of the sale of the division, all employees were transferred to NC under TUPE and therefore their preferential and unsecured claims in the Administration have been substantially mitigated

#### ***Skills***

There was little interest from prospective purchasers in either the whole or part of the Skills division. As a result of the lack of any offer for the Skills business on 20 March 2008, the majority of the staff in Skills were made redundant. With the support of the LSC the Joint Administrators have retained a small team of six people to assist with learner transition. An additional member of staff has been retained to assist with book debt collections

### **3.7 Quantica**

Given the future growth prospects for Quantica, the Joint Administrators believed there was a reasonable prospect that a going concern sale of Quantica could be achieved

It was therefore concluded that given the potential value enhancement that could be realised, it was in the best interests of creditors to continue to trade whilst a going concern sale (either as part of the Group or individually) was sought

A sale of the business and assets of Quantica was concluded to NC on 21 March 2008. All staff employed by Quantica at the date of the sale transferred across to NC

under TUPE and have therefore had their preferential and unsecured claims in the Administration substantially mitigated

The principal remaining asset realisations are the agreement and receipt of income due from the LSC for the Administration trading period, together with realising several residual minor debtor balances

### **3.8 CBE**

Given the profitability of and further growth prospects for CBE, there was a reasonable prospect that a going concern sale of CBE could be achieved and a significant goodwill premium realised

It was therefore decided that it was in the best interests of creditors to continue to trade whilst a going concern sale (either as part of the Group or individually) was sought, in line with the overall Group strategy

A sale of the business and assets of CBE was concluded to NC on 21 March 2008. All staff employed by CBE at the date of the sale transferred across to NC under TUPE and have therefore had their preferential and unsecured claims in the Administration substantially mitigated

The principal remaining asset realisations is the receipt of income due from the LSC for the Administration trading period, together with realising several residual minor debtor balances

### **3.9 Funding**

Immediately prior to Administration, the Joint Administrators had prepared a funding forecast to cover a proposed two week trading period. This showed that (subject to ongoing customer support) the funding requirement for this period would be in the region of £6.7m

The Joint Administrators held discussions with key stakeholders in an effort to obtain this funding. The Group's lenders agreed to provide a £3m overdraft facility, the LSC agreed to fund £3.7m (being payment of an element of pre-appointment debtors and accrued income), and the DWP agreed to fund £0.5m as an advance against the Joint Administrators' trading receipts. It should be noted that due to a significant potential counter claim from the LSC, it was considered that the £3.7m of LSC funding would not have been realised if the business had ceased to operate immediately upon entering Administration.

### **3.10 Sale of the Business**

Immediately upon appointment, the Joint Administrators commenced an accelerated sale of business process. All parties who had previously expressed interest in the business, and those who we considered may have had an interest in acquiring all or parts of the Group, were contacted. Additionally a large number of parties contacted the Joint Administrators directly.

In total there were in the region of 200 interested parties with whom the Joint Administrators had contact. Of these, approximately 16 engaged in due diligence and/or received the data packs prepared by the Administration team.

Of these interested parties, three parties were interested in acquiring all or a majority of the Group. The remainder were interested in acquiring individual business divisions, or small combinations of divisions.

The Joint Administrators reviewed the relative merits of the offers received, and after a number of days of intensive negotiations, a deal was agreed in principle with NC for them to acquire the Employability, CBE, Quantica, NTP and ALD (Construction) divisions for a total consideration of £15 million. The Joint Administrators retained the benefit of all book debts and the freehold properties in Ruddington, Sheffield and Nottingham.

Contracts were exchanged and completed on 21 March 2008, with NC becoming responsible for the ongoing business costs of the divisions they acquired (including employee costs) from that date.

### 3.11 Other Disposals

The following table summarises the other material asset disposals concluded to date.

Asset	Outcome
Sale of NETA business	THE NETA business, a Nottingham engineering training operation, was sold to Castle College for £910k which included the freehold premises, on 11 April 2008.
ReMIT	The Group's residual interest in the part of the ALD division, which had previously traded as ReMIT, was sold (on a non-going concern basis) to Ingleby (1776) Limited for consideration of £62.5k on 10 April 2008. The transaction involved the transfer of the remaining and former employees, and hence the substantial mitigation of their preferential and unsecured claims.

### 3.12 Freehold & Leasehold Property

The Group operated from approximately 64 sites. Three of these were freehold and the rest were leaseholds.

- **Ruddington, South Nottingham** situated on a 5 acre site comprising approximately 10,000 sq metres of motor industry training facilities and ancillary offices, including the Group head office, and
- **Furnival Road, Sheffield** a substantial modern office building, and

- **Basford, Nottingham** an engineering training facility constructed in 2007 (which was included as part of the sale of the NETA business, as set out above)

Details of negotiations for the disposal of the Ruddington premises are commercially sensitive and must therefore remain confidential at present

NC has been granted licences to occupy part of the Ruddington site and the Sheffield property for the 6 month period to 21 September 2008, in order to facilitate their orderly takeover of the businesses that they acquired

NC also occupy 30 leasehold sites pending their assignment or other arrangements being agreed with landlords, initially for a 6-month period.

Of the remaining 31 sites, 2 leaseholds are considered likely by our professional agents to have a value on assignment, and these are being marketed for sale

The other leases are likely to be offered to landlords by way of surrender. If such surrenders prove not to be possible then in due course we expect these leases would be expected to be disclaimed by a subsequently appointed Liquidator

### **3.13 Debtors, Work in Progress and Accrued Income**

As at 29 February 2008, the Group had book debts, including work in progress and accrued income, with a book value of £17 million

The focus of the Joint Administrators' trading strategy referred to in previous sections was not only to seek enhanced asset valuations through a going concern sale, but also to maximise amounts recoverable from the debtors, given the fact that a significant portion of the invoiced amounts and work in progress related to long-term contracts that the Group had no prospect of completing

The sale to NC, together with the assistance which the Joint Administrators continue to provide to the LSC in the migration of training contracts to other providers, is expected to have a beneficial impact on book debt realisations. NC is assisting in the collection of invoiced amounts and work in progress at the date of the Joint Administrators' appointment and with work completed during the Joint Administrators' trading period. This should minimise counter-claims as a consequence of NC's fulfilment of pre-existing contractual obligations, and also minimise the costs of collection

In addition, we have retained a number of employees from the businesses which were not sold, and who have knowledge of the Group's customers, to assist in debtor collection. Their knowledge of historical issues surrounding the book debts should minimise the quantum of counter-claims, thereby maximising potential realisations

Notwithstanding the above, the Joint Administrators are aware of many potential claims and set-offs against the Group's ledgers. The Joint Administrators have therefore prudently estimated that realisations across the Group will total approximately £6 million. Details of the estimated realisations by division can be found at Appendix 5 attached

Due to the complexity of some of the issues surrounding recoverability, we are currently unable to provide an estimate of the likely timescale for the realisation process to be completed. However, the Joint Administrators continue to monitor the position in order to assess progress and consider if any further action can be taken in order to improve recoveries.

### **3.14 Investments**

#### **Carter & Carter (Australia) Pty Ltd**

The Group owned a 100% shareholding in Carter & Carter (Australia) Pty Ltd (which did not enter into Administration) which provided automotive training for OEMs in Australia. The Administrators sold the shareholding on 1 April 2008 to the only known interested party for £75k.

#### **Vivemotion Ltd.**

The Group holds a 19.9% shareholding in Vivemotion Ltd. The European Olympics Committee appointed the company as the official and exclusive supplier of sports, health and wellbeing education to 48 European countries. We are currently inviting offers for the shares and should you have any interest in acquiring them please contact the Joint Administrators.

#### **Carter & Carter KK**

The Group owns a 100% shareholding in Carter & Carter KK, a Japanese company which did not enter into Administration, which provides automotive training for Audi. The Joint Administrators are currently negotiating to sell the shareholding.

#### **Autoexel Ltd**

The Group has a 49.9% shareholding in Autoexel Ltd, a company that did not enter into Administration. The joint venture provides apprentice training services to Land Rover. The Joint Administrators are currently negotiating to sell the Group's shares in this joint venture.

#### **Other**

The Group also holds shareholdings in non-trading companies that did not enter into Administration but which, based on the information available, are believed to have negligible value. These include:

- A 100% shareholding in Quantica Training (Australia) Pty Ltd
- A 100% shareholding in Carter & Carter Germany GmbH
- A 100% shareholding in Inhoco Inc, a company registered in USA

### **3.15 Chattel Assets**

At the date of appointment, the Group owned a quantity of tangible assets, including plant and machinery, fixtures and fittings and other items. These were located across the Group's trading premises. We have appointed an independent valuer, GVA Grimley, to secure, value and seek purchasers for the Group's tangible assets.

A large proportion of these chattels were included in the sale to NC concluded on 21 March 2008. The process of realising the remaining chattels is still ongoing.

### **3.16 Motor Vehicles**

A fleet of 56 Audi vehicles owned by OSD were sold to Volkswagen Group UK Ltd at their original cost of £1 226m, before settlement of HP/lease finance. The majority of the Group's other vehicles were leased.

### **3.17 Other Assets**

We are currently investigating the Group's tax position in order to establish the quantum of any possible tax refund via a terminal loss relief claim.

We are also liaising with our insurance brokers in order to establish whether there is any refund recoverable from the Group's pre-paid insurance premiums.

## **4. DIRECTOR'S STATEMENT OF AFFAIRS**

### **4.1 Statement of Affairs**

A Statement of Affairs has been submitted by the director as at 11 March 2008, in respect of each of the entities over which we have been appointed. A copy of the relevant Statement of Affairs is enclosed at Appendix 4.

There are a number of different classes of creditors within the Group. These include

- Secured creditors. These have fixed and floating charge debenture security across all of the companies and as such are paid in priority to other creditors. This priority is subject to payments to preferential creditors (see below) and unsecured creditors under the prescribed part (see section 4.3). Further details of the security is set out in section 4.4.
- Preferential creditors. These relate to employee wage arrears, holiday pay and certain pension contributions, and are paid in priority to unsecured creditors out of net floating charge realisations, before the prescribed part and before payment to the secured floating chargeholder.
- Unsecured creditors. These rank behind secured and preferential creditors.

### **4.2 Notes to the Statement of Affairs**

We are advised by the director that the Statement of Affairs has been prepared on the following basis:

- The net book values have been taken from the Group's management accounts prepared at the end of February 2008.
- Where assets are not already realised, asset realisations are based on divisional management's best estimates.
- Unsecured creditors take account of creditor invoices received after the management accounts process was completed.
- The figures take into account unsatisfied HP liabilities, which have been set against the assets to which they relate.
- There was a cross guarantee in place between PLC and all subsidiaries. The Group's total bank indebtedness at the date of appointment was £134.9m.
- No provision has been made in the Statement of Affairs for the costs of the Administration (including agents, legal and professional fees).
- There were a number of intercompany debts between the various Group companies. The director has assumed that any intercompany balances are irrecoverable.

#### **4.3 Estimated Outcome Statement**

A preliminary Outcome Statement for the Group is enclosed at Appendix 5 and an Estimated Distribution Statement covering each corporate entity is enclosed at Appendix 6, which comprises an estimate of the value of the net property for the purposes of the Prescribed Part

#### **4.4 Secured Creditors**

PLC secured debt comprised a £50m term loan, a £70m revolving credit facility and a £15m working capital facility. Carter & Carter Employability and Skills Ltd, Carter & Carter Apprentice Learning Ltd and Carter & Carter Ltd also participated in the working capital facility.

All material entities (identified on the Group Structure at Appendix 1) acceded to a composite guarantee and debenture dated 9 December 2006 which provides first fixed charge security over shares, intangible assets and property and first floating charge over all other property and assets, including plant, machinery, equipment and debtors.

At the date of our appointment the secured creditors, Bank of Scotland, Lloyds TSB, and Barclays Bank, were owed £134.9m.

#### **4.5 Preferential Claims**

Please note that with the exception of those staff who were employed by CBE Limited, all other employees were employed by PLC, irrespective of which division they worked in.

For any employees whose contract of employment has now transferred to either a new service provider or a purchaser of any part of the business, as detailed above, these employees will not have a claim against the Group as their debts transferred by operation of law under TUPE.

#### **4.6 Prescribed Part**

By virtue of Section 176A(2)(a) of the Act, the Joint Administrators must make a prescribed part of the relevant corporate entities' net property available for the satisfaction of unsecured debts. Net property is the amount of property which would, but for this section, be available for the holders of floating charges created by the Company.

As a distribution is possible for some of the companies within the Group under Section 176A(2)(a) of the Act, the Joint Administrators ask creditors to submit proofs of their amounts outstanding, using the form attached. This form should be completed and returned to the Joint Administrators at the offices of Deloitte & Touche LLP, 1 Woodborough Road, Nottingham, NG1 3FG.



#### **4.7 Unsecured Creditors**

After discharging the costs of the Administrations, it is unlikely that there will be sufficient realisations from floating charge assets to fully repay the floating charge holders

Accordingly, we do not expect any funds to be available to pay a dividend to the unsecured creditors of the companies other than the distribution under the prescribed part as noted above

## 5. ADMINISTRATORS' FEES AND EXPENSES

### 5.1 Administrators' fees

As there will be no funds available to the unsecured creditors other than by virtue of Section 176A(2)(a) of the Act therefore, fixing of Joint Administrators' remuneration will be approved in accordance with Rule 2.106(5A) of the Rules, which is outlined below

- Where the Administrators have made a statement under paragraph 52(1)(b), and in the absence of a creditors' committee, the Administrators' remuneration may be fixed by approval of
  - each secured creditor, or
  - if the Administrators intend to make a distribution to preferential creditors, with the approval of each secured creditor and 50% by value of preferential creditors who respond to an invitation to consider approval

Pursuant to paragraph 52(1)(b) of Schedule B1 of the Act outlined above there is no requirement for unsecured creditors to pass a resolution in respect of the Joint Administrators' remuneration

The Joint Administrators' time costs for the period of 11 March 2008 to 15 April 2008, being the latest practicable date prior to this report, are summarised at Appendix 7 for the Group as a whole and for the relevant corporate entities where time has been charged. The work has been categorised into the following task headings and sub categories

- Administration and Planning includes such tasks as case planning and set-up, appointment notification, statutory reporting, compliance, cashing, accounting and administrative functions
- Realisation of Assets includes such tasks as identifying and securing assets, dealing with the sale of business, property issues, activities in relation to other fixed assets, stock, debtors, investments and any related legal issues
- Investigation includes such tasks as reporting on the directors' conduct, investigating antecedent transactions and any other investigations that may be deemed appropriate
- Trading includes tasks such as planning, strategy, managing operations on sites and corresponding with suppliers and customers
- Creditors include such tasks as creditor set up, communication and meetings, reviewing and agreeing preferential and unsecured claims, retention of title issues, corresponding with secured creditors, reviewing and obtaining advice in relation to security granted to the Banks

- Other matters include employee related issues, VAT and corporation tax issues

All partners and technical staff (including cashiers) working on the Administrations record their time spent on the cases on a computerised time recording system. The appropriate staff have been assigned to work on each aspect of the cases based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims being agreed.

The average hourly charge out rates for the separate categories of staff are based on Deloitte charge out rates as summarised below. Manager rates include all grades of manager up to but excluding Director.

<b>Grade</b>	<b>Average £ per hour</b>
Partners and Directors	634
Managers	338
Administrators	155

For your information and guidance please find attached a Creditors' Guide to Administrators' Fees.

## **5.2 Administrators' expenses**

Disbursements incurred in the Administration total £56,484 which relate to direct expenses such as travel. A summary is included in Appendix 7.

The Joint Administrators' disbursements for mileage are calculated by reference to mileage properly incurred by the Joint Administrators and their staff in attending to matters arising in the Administration, at the prevailing standard mileage rate used by Deloitte & Touche LLP at the time when the mileage is incurred (presently up to 40p per mile).

## **5.3 Other professional costs**

To advise on legal matters and to prepare required legal documentation (including business sale agreements) the Joint Administrators instructed Lovells LLP, a firm of lawyers with the appropriate expertise and experience in dealing with such large and complex Administrations. Their fees are based upon their recorded time costs incurred at discounted charge out rates and will be reviewed by the Joint Administrators before being approved for payment. To date their billed costs have amounted to £566k (plus VAT) and they have estimated that their further fees will be in the region of £175k (plus VAT) in total across all the Group companies.

## **6. OTHER INFORMATION TO ASSIST CREDITORS**

### **6.1 Directors' reporting**

As part of our statutory duties the Joint Administrators will consider the conduct of the directors in the cause of the Group's failure and submit our confidential report to the DTI

Should you feel that you have any information that may be relevant to this report please contact the Joint Administrators in writing

### **6.2 Exit Routes from Administration**

Under the Enterprise Act 2002, all Administrations automatically come to an end after one year, unless either an extension is granted by the court by the consent of the creditors

Where the Administrators have been appointed by the court they must apply to the court to bring the Administration to an end when the purpose has been sufficiently achieved, or a creditors' meeting requires them to do so, or they believe that the purpose cannot be achieved

At this stage the Joint Administrators continue to realise assets which are better realised in Administration than in Liquidation and therefore do not consider that the purpose has yet been achieved. The Joint Administrators continue to foresee a reasonable prospect of such fulfilment

The Act and Rules provide a variety of options regarding the possible exit routes of a company from Administration, including a Company Voluntary Arrangement, Liquidation or dissolution of the company

It is the Joint Administrators' recommendation and proposal, as detailed below, that once realisations are sufficiently completed the companies should move from Administration to Creditors' Voluntary Liquidation to permit the agreeing of unsecured claims and to facilitate a distribution to that class of creditors in accordance with Section 176A(2)(a) of the Act. In such circumstances it is further proposed that N J Dargan, D L Z Wong and C J Farrington of Deloitte & Touche LLP be appointed as Joint Liquidators. The choice of Liquidators is a matter for the creditors to consider

Should the expected level of realisations not be made such that there are insufficient monies to distribute to unsecured creditors under the prescribed part, it is the Joint Administrators' recommendation and proposal, as detailed below, that the Administrations be concluded and the relevant company be dissolved under Paragraph 84 of Schedule B1 of the *Insolvency Act 1986*

### **6.3 Connected Party Transactions**

The Administrators are not aware of any connected party transactions which have not been carried out on an arm's length basis. Should creditors have information regarding any such transactions they should forward details in writing to the Joint Administrators

#### **6.4 EC Regulations**

The Joint Administrators are required under the Insolvency Rules 1986 to state whether, and if so the extent to which, the above regulations apply to the Administrations. In this particular case the Companies Council Regulation (EU) No 1346/2000 will apply in respect of the Administrations and these proceedings will be main proceedings as provided by Article 3(1) of the aforesaid Regulation.

#### **6.5 Third party Assets**

To date the Joint Administrators have been notified by a number of parties claiming ownership of items present at the Group's former trading premises. Should you believe that you own items that may have been present at the Group's former trading premises we should be grateful if you would contact the Joint Administrators at your earliest possible convenience.

**7. STATEMENT OF PROPOSALS PURSUANT TO PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986**

Carter & Carter Group plc	Court No. 2011 of 2008
Carter & Carter Apprentice Learning Limited	Court No. 2019 of 2008
Retail Motor Industry Training Limited	Court No. 2021 of 2008
Capital Skills Limited	Court No. 2025 of 2008
Capital Workforce Development Limited	Court No. 2013 of 2008
Interactive Training Management Limited	Court No. 2028 of 2008
Quantica Selection Training Limited	Court No. 2023 of 2008
Quantica Training Limited	Court No. 2012 of 2008
Carter & Carter Limited	Court No. 2014 of 2008
NTP Limited	Court No. 2024 of 2008
Carter & Carter Employability and Skills Limited	Court No. 2018 of 2008
ASSA Training and Learning Limited	Court No. 2026 of 2008
IMS (UK) Limited	Court No. 2016 of 2008
Constant Browning Edmonds Limited	Court No. 2027 of 2008
Carter & Carter Colleges Limited	Court No. 2022 of 2008
G.M.C Consultants Limited	Court No. 2020 of 2008
Emtec (Specialised Services) Limited	Court No. 2241 of 2008

**All in Administration (each being “a Company” and together being “the Companies”)**

In accordance with Paragraph 49 of Schedule B1 of the Act the Joint Administrators make the following proposals for achieving the purpose of the Administration.

**Formal Proposals - the Joint Administrators propose that:**

- 1 they continue to manage the affairs and assets of the Companies, including (but not exclusive to) the continued trading operations of the Companies, collection of debts due to the Companies, completion of the sales of the remaining businesses and assets of the Companies where necessary, utilising realisations of assets where appropriate, settle any Administration expenses where such expenses are incurred for the purpose of the Administration and realise the remaining assets of the Companies, and
- 2 they continue with their enquiries into the conduct of the directors of the Companies and continue to assist any regulatory authorities with their investigations into the affairs of the Companies (to the extent required by law or other regulatory rules), and
- 3 they be authorised to agree the claims of the secured and preferential creditors against each of the Companies unless the Joint Administrators conclude, in their reasonable opinion, that a Company will have no assets available for *distribution to that class of creditor*; and
- 4 they be authorised to distribute funds to the secured and preferential creditors of each of the Companies as and when claims are agreed and funds permit, and

- 5 if creditors of each Company so determine, at a meeting of creditors, appoint a creditors' committee in respect of each Company to assist the Joint Administrators (such committee must comprise of between 3 and 5 creditors of each Company), or
- 6 in the absence of a creditors' committee, the secured and preferential creditors (to the extent they exist) of each Company shall be asked to agree that the Joint Administrators' fees, in accordance with Rule 2 106(5A) of the Rules, by reference to the time given in attending to matters arising in the Administration for that Company, and
- 7 in the absence of a creditors' committee, that the creditors approve disbursements of the Joint Administrators to be drawn from the Company's assets at the Joint Administrators' discretion and that the Joint Administrators' disbursements for mileage be calculated by reference to mileage properly incurred by the Joint Administrators and their staff in attending to matters arising in the Administrations, at the prevailing standard mileage rate used by Deloitte & Touche LLP at the time when the mileage is incurred (presently up to 40p per mile), and
- 8 in the absence of a creditors' committee, the secured and preferential creditors (to the extent they exist) of each Company shall be asked to agree that the Joint Administrators be discharged from liability per Paragraph 98 of Schedule B1 of the Act, immediately upon the Joint Administrators' filing their final report to creditors, and
- 9 that the Joint Administrators be discharged from liability under the Administration per Paragraph 99 of Schedule B1 of the Act, immediately upon the Joint Administrators' filing their final report to creditors, and
- 10 if the Joint Administrators believe it to be appropriate for each Company they exit the Administration by way of a Creditors' Voluntary Liquidation and that Nicholas James Dargan, Dominic Lee Zoong Wong and Christopher James Farrington of Deloitte & Touche LLP will be the Joint Liquidators, or
- 11 if the Joint Administrators believe it to be appropriate for each Company they exit the Administration by way of dissolving the Company under Paragraph 84 of Schedule B1 of the Insolvency Act 1986

*NB Under Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2 117(3) creditors may nominate different liquidators, but in the absence of such nomination the above named would become the liquidators*

Nicholas James Dargan  
Deloitte & Touche LLP  
Athene Place  
66 Shoe Lane  
London  
EC4A 3BQ

Dominic Lee Zoong Wong  
Deloitte & Touche LLP  
Four Brindleyplace  
Birmingham  
B1 2HZ

Christopher James Farrington  
Deloitte & Touche LLP  
1 Woodborough Road  
Nottingham  
NG1 3FG





## Appendix 2

### **Carter & Carter Colleges Limited In Administration**

#### **Statutory Information**

<b>Company Number:</b>	6026202
<b>Date of Incorporation:</b>	12/12/2006
<b>Previous Name/s:</b>	PIMCO 2589 Limited Date Changed 23/01/2007
<b>Trading Names: (where different)</b>	None
<b>Share Capital:</b>	
<b>Authorised</b>	1,000 Ordinary shares of £1 each
<b>Allotted, called up and fully paid</b>	1 Ordinary share of £1
<b>Directors:</b>	Rodney Westhead
<b>Company Secretary:</b>	Mr Martin Purvis
<b>Shareholders:</b>	Carter & Carter Group plc
<b>Bankers:</b>	Barclays Bank plc 6 <sup>th</sup> Floor 1 Churchill Place Canary Wharf London E14 5HP  Bank of Scotland 155 Bishopsgate London  Lloyds TSB 1 <sup>st</sup> Floor, 48 Chiswell Street London EC1Y 4XX
<b>Auditors:</b>	Not Known
<b>Registered Office:</b>	1 Woodborough Road, Nottingham, NG1 3FG
<b>Former Registered Office:</b>	Ruddington Fields Business Park Mere Way Ruddington Nottinghamshire NG11 6JZ

**Trading Address:**

c/o Carter & Carter Group plc, Ruddington  
Fields Business Park, Mere Way, Ruddington,  
Nottinghamshire, NG11 6JZ

**Court Reference:**

2022 of 2008, High Court of Justice, Chancery  
Division

**Summary of Appointments**

**Subsidiary companies placed in Administration on 11 March 2008**

- 1 Carter & Carter Apprentice Learning Limited
- 2 Retail Motor Industry Training Limited
- 3 Capital Skills Limited
- 4 Capital Workforce Development Limited
- 5 Interactive Training Management Limited
- 6 Quantica Selection Training Limited
- 7 Quantica Training Limited
- 8 Carter & Carter Limited
- 9 NTP Limited
- 10 Carter & Carter Employability and Skills Limited
- 11 ASSA Training and Learning Limited
- 12 IMS (UK) Limited
- 13 Constant Browning Edmonds Limited
- 14 Carter & Carter Colleges Limited
- 15 G M C Consultants Limited
- 16 Carter & Carter Group plc

**Subsidiary companies placed in Administration on 14 March 2008**

- 17 Emtec (Specialised Services) Limited

## Statement of affairs

Name of Company Carter & Carter Colleges Limited	Company number 6026202
In the High Court of Justice, Chancery Division [full name of court]	Court case number 2022 of 2008

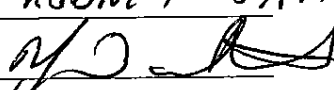
(a) Insert name and address  
( of registered office of the  
company

Statement as to the affairs of (a) \_  
Carter & Carter Colleges Limited  
on the (b) \_11 March 2008, the date that the company entered administration

---

### Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 11 MARCH 2008 the date that the company entered administration

Full name ~~ROONEY~~ ROONEY JAMES WESTHEAD  
Signed   
Dated 14/4/08

Carter and Carter Colleges Limited

## A – Summary of Assets

## Assets

Assets subject to fixed charge

Less	Amounts due to fixed charge holders
	Deficit due to fixed charge holders carried forward

Assets subject to floating charge

Trade debtors	1,000
Accrued income	100
Corporation tax	100

### Uncharged assets

Estimated total assets available for preferential creditors

Book Value £	Estimated to Realise £
	(134,917,797)
	(134,917,797)
253,141	100,000
130,693	-
19,141	-
	100,000

Signature

Date \_\_\_\_\_

*A/O. [Signature]*

17/4/08

Company name: **Carter and Carter Colleges Limited**

**A1 – Summary of Liabilities**

		<b>Estimated to realise £</b>
<b>Estimated total assets available for preferential creditors (carried from page A)</b>	£	100,000
<b>Liabilities</b>		
Preferential creditors -	£ <del>23,000</del>	-
<b>Estimated deficiency/surplus as regards preferential creditors</b>	£	100,000
Estimated prescribed part of net property where applicable (to carry forward)	£ 23,000	(23,000)
<b>Estimated total assets available for floating charge holders</b>	£	77,000
£ <del>134,917,797</del> due to fixed charge holders brought forward		£ (134,917,797)
Debts secured by floating charges	£	-
<b>Estimated deficiency/surplus of assets after floating charges £</b>		£ (134,840,797)
Estimated prescribed part of net property where applicable (brought down)	£ (23,000)	23,000
<b>Total assets available to unsecured creditors £</b>	£	23,000
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£ <del>77,000</del>	(687,926)
<b>Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)</b>		£ (664,926)
Shortfall to floating charge holders (brought down)	£	(134,840,797)
<b>Estimated deficiency/surplus as regards creditors</b>		£ (135,505,723)
Issued and called up capital*	£	-
<b>Estimated total deficiency/surplus as regards members</b>		£ (135,505,723)

\*Company limited by guarantee

Signature



Date

14/4/08

**Carter and Carter Colleges Limited**

£

(9,042)

(182,953)

(88,299)

(407,632)

(687,926)

## Company creditors

Carter and Carter Colleges Limited

Vendor Name	Vendor Address	Amount of debt	Details of any security held by creditor	Date security given	Value of security £
Brover Plus Limited	Unit 5 Vanguard Trading Estate, Britannia Road Chesterfield, Derbyshire, S40 2TZ	8,624.76			
M2 Environmental Solutions	Malary House, Brookfield Business Centre, Cottenham, Cambridge, CB24 9PS	417.13			
Select Recruitment	Laporte Way, Luton, Beds,	-			
		9,041.89			

Signatuer



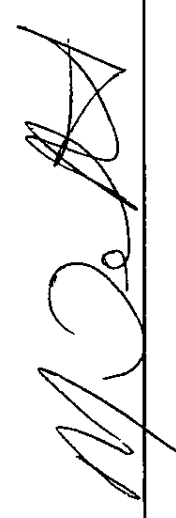
Date

14/4/08



# Company Shareholders

Carter and Carter Colleges Limited			
Name of Shareholder	Address (with postcode)	No of shares held	Details of shares held
Carter and Carter Group plc	Mere Way, Ruddington Fields Business Park, Ruddington, Nottingham, NG11 6JZ	1	£1 00 Ordinary shares of £1 00 each
Totals		1	£1 00



Signature

Date

14/4/08

**Carter and Carter Group plc (and associated companies)**  
**- In Administration**

**Estimated Outcome Statement by Division**  
**As at 15 April 2008**

£m	Total Group	PLC	ALD	OSD	NTP	ESD	Quantica	CBE	Other
<b>Assets Subject to Fixed Charge</b>									
Goodwill	13.1	-	0.1	-	1.0	6.0	1.0	5.0	-
Properties (Freehold and Long Leasehold)	9.0	7.3	-	-	1.7	-	-	-	-
Investments	0.2	0.1	-	-	-	0.1	-	-	-
<b>Total Fixed Charge Realisations</b>	<b>22.3</b>	<b>7.4</b>	<b>0.1</b>	<b>-</b>	<b>2.7</b>	<b>6.1</b>	<b>1.0</b>	<b>5.0</b>	
Less: Costs of Realisation									
Administrators' Costs	(0.7)	(0.1)	-	-	(0.1)	(0.2)	(0.1)	(0.2)	-
Legal Costs	(0.3)	-	-	-	-	(0.1)	(0.1)	(0.1)	-
Other Costs	(0.2)	(0.1)	-	-	-	(0.1)	-	-	-
<b>Funds Available for Fixed Chargeholders</b>	<b>21.1</b>	<b>7.2</b>	<b>0.1</b>	<b>-</b>	<b>2.6</b>	<b>5.7</b>	<b>0.8</b>	<b>4.7</b>	
Less: Fixed Chargeholders' Indebtedness*	(134.9)	(134.9)	(134.9)	(134.9)	(134.9)	(134.9)	(134.9)	(134.9)	(134.9)
<b>(Deficit) to Fixed Chargeholders c/d</b>	<b>(113.8)</b>	<b>(127.7)</b>	<b>(134.8)</b>	<b>(134.9)</b>	<b>(132.3)</b>	<b>(129.2)</b>	<b>(134.1)</b>	<b>(130.2)</b>	<b>(134.9)</b>
<b>Assets Subject to Floating Charge</b>									
Plant, Equipment etc	1.9	0.1	0.2	-	0.3	0.6	0.3	0.4	-
Cash	0.3	-	-	-	0.1	0.1	-	0.1	-
Debtors	6.0	-	1.0	3.7	0.6	0.6	0.1	-	-
Motor Vehicles (Net of HP/Lease Finance)	1.2	-	-	1.2	-	-	-	-	-
<b>Total Floating Charge Realisations</b>	<b>9.4</b>	<b>0.1</b>	<b>1.2</b>	<b>4.9</b>	<b>1.0</b>	<b>1.3</b>	<b>0.4</b>	<b>0.5</b>	
Less: Costs of Realisation									
Administrators' Costs	(0.6)	-	(0.1)	(0.3)	-	(0.1)	-	-	-
Other Costs	(0.5)	-	(0.1)	(0.3)	-	(0.1)	-	-	-
<b>Trading Profit (Net of Administrators' Costs (£0.9m))</b>	<b>0.1</b>	<b>0.1</b>							
Less: Preferential Creditors	(0.4)	(0.3)	-	-	-	-	-	(0.1)	-
<b>(Deficit) to Preferential Creditors</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>-</b>						
<b>Net Property</b>	<b>8.2</b>	<b>-</b>	<b>1.0</b>	<b>4.3</b>	<b>1.0</b>	<b>1.1</b>	<b>0.4</b>	<b>0.4</b>	
Less: Prescribed Part	(1.4)	-	(0.2)	(0.6)	(0.2)	(0.2)	(0.1)	(0.1)	
<b>Funds Available for Floating Chargeholders</b>	<b>6.8</b>		<b>0.8</b>	<b>3.7</b>	<b>0.8</b>	<b>0.9</b>	<b>0.3</b>	<b>0.3</b>	
Less: Floating Chargeholders' Indebtedness b/d	(113.8)	(127.7)	(134.8)	(134.9)	(132.3)	(129.2)	(134.1)	(130.2)	(134.9)
<b>(Deficit) to Floating Chargeholders</b>	<b>(107.0)</b>	<b>(127.7)</b>	<b>(134.0)</b>	<b>(131.2)</b>	<b>(131.5)</b>	<b>(128.3)</b>	<b>(133.8)</b>	<b>(129.9)</b>	<b>(134.9)</b>

\* There is a cross guarantee in place between PLC and all subsidiaries in Administration. The Group's total bank indebtedness at the date of appointment was £134.9m.

**Carter and Carter Group plc (and associated Companies)**  
**- In Administration -**

**Estimated Distribution Statement for Unsecured Creditors**  
**As at 15 April 2008**

£m			
Company	Net Property	Prescribed Part	Unsecured Creditors
<b>PLC</b>			
Carter and Carter Group Plc	-	-	21.7
<b>ALD</b>			
Carter & Carter Apprentice Learning Limited	1.0	0.2	61.2
Retail Motor Industry Training Limited	-	-	1.8
	<u>1.0</u>	<u>0.2</u>	
<b>OSD</b>			
EMTEC Specialised Services Limited	-	-	2.2
Carter & Carter Limited	4.3	0.6	31.8
	<u>4.3</u>	<u>0.6</u>	
<b>NTP</b>			
NTP Limited	<u>1.0</u>	<u>0.2</u>	8.9
<b>ESD</b>			
Carter & Carter Employability and Skills Limited	1.0	0.2	27.0
ASSA Training and Learning Limited	-	-	2.5
IMS (UK) Limited	0.1	-	2.8
	<u>1.1</u>	<u>0.2</u>	
<b>Quantica</b>			
Capital Skills Limited	-	-	4.1
Capital Workforce Development Limited	-	-	3.5
Interactive Training Management Limited	-	-	2.6
Quantica Selection Training Limited	-	-	3.7
Quantica Training Limited	0.4	0.1	6.7
G M C Consultants Limited	-	-	2.2
	<u>0.4</u>	<u>0.1</u>	
<b>CBE</b>			
Constant Browning Edmonds Limited	<u>0.4</u>	<u>0.1</u>	3.4
<b>Other</b>			
Carter & Carter Colleges Limited	<u>-</u>	<u>-</u>	0.7
<b>Total</b>	<u>8.2</u>	<u>1.4</u>	

**CONSOLIDATED SUMMARY OF TIME COSTS FOR GROUP**  
**Cater & Carter Group Plc (and associated Companies) - In Administration**  
**Time Costs 11 March 2008 to 15 April 2008**

	Partners & Directors		Managers		Assistant Managers		Assistants		TOTAL		Average Hourly Rate
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Cost (£/hr)
<b>Administration and Planning</b>											
Cashiering and Statutory Filing	-	-	113.2	46,065.8	1.0	225.0	64.3	14,146.0	178.5	60,437	339
Case Supervision, Management and Closure	82.9	62,435.5	47.7	18,895.0	5.1	1,224.0	72.3	9,332.5	207.9	91,887	442
Initial Actions (e.g. Notification of Appointment, Securing Assets)	110.5	54,617.5	57.5	23,260.0	90.0	27,357.5	-	-	258.0	105,235	408
Liaison with Other Insolvency Practitioners	-	-	-	-	-	-	-	-	-	-	-
	193.4	117,053	218.4	88,221	96.1	28,807	136.6	23,479	644.4	257,558	400
<b>Investigations</b>											
Investigations	-	-	3.8	1,520.0	-	-	-	-	3.8	1,520	400
Reports on Directors' Conduct	-	-	3.8	1,520	-	-	-	-	3.8	1,520	400
	-	-	-	-	-	-	-	-	-	-	-
<b>Trading</b>											
Trading and Ceasing to Trade	293.3	147,215.0	1,124.0	389,080.0	518.1	120,790.5	691.2	102,868.8	2,626.6	759,954	289
	293.3	147,215	1,124.0	389,080	518.1	120,791	691.2	102,869	2,626.6	759,954	289
<b>Realisation of Assets</b>											
Book Debts	119.5	57,152.5	116.0	31,360.0	5.6	1,260.0	4.5	652.5	245.6	80,425	368
Other Assets (e.g. Stock)	19.3	10,095.0	53.0	14,375.0	-	-	4.5	832.5	76.8	25,303	330
Plant and Equipment, Fixtures and Fittings and Vehicles	-	-	0.7	280.0	-	-	31.0	5,735.0	31.7	6,015	190
Property - Freehold and Leasehold	261.3	174,162.5	-	-	-	-	-	-	261.3	174,163	667
Retention of Title	-	-	-	-	-	-	-	-	-	-	-
Sale of Business / Assets	324.0	251,917.5	195.0	69,070.0	237.5	100,937.5	38.5	7,122.5	795.0	429,048	540
Third Party Assets	-	-	-	-	-	-	-	-	-	-	-
	724.0	493,328	364.7	115,085	243.1	102,198	78.5	14,343	1,410.3	724,953	514
<b>Creditors</b>											
Employees	-	-	271.0	82,933.5	82.5	23,461.5	294.4	48,808.3	647.8	155,203	240
Preferential	-	-	-	-	-	-	-	-	-	-	-
Secured	12.0	6,990.0	11.0	3,795.0	-	-	-	-	23.0	10,785	469
Shareholders	-	-	2.0	750.0	-	-	-	-	2.0	750	375
Unsecured	14.3	8,905.0	210.2	77,785.0	10.0	2,400.0	49.0	4,685.0	283.5	93,775	331
	26.3	15,895	494.2	165,264	92.5	25,862	343.4	53,493	958.3	260,513	272
<b>Other Matters Include</b>											
Litigation	-	-	-	-	-	-	-	-	-	-	-
Pensions	-	-	1.0	265.0	-	-	-	-	1.0	265	265
Tax and VAT	48.0	42,112.5	86.9	57,662.5	25.0	10,000.0	1.0	250.0	160.9	110,025	684
Other	13.0	6,565.0	9.0	2,385.0	-	-	15.0	2,175.0	37.0	11,125	301
	61.0	48,678	96.9	60,313	25.0	10,000	16.0	2,425	198.9	121,415	610
	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL HOURS &amp; COST</b>	1,297.9	822,168	2,302.0	819,482	974.8	287,656	1,265.6	196,608	5,840.2	2,125,914	364

TOTAL FEES DRAWN TO DATE

-

**SUMMARY OF ADMINISTRATORS' EXPENSES**  
**Carter & Carter Group Plc (and associated companies) - In Administration**  
**11 March 2008 to 15 April 2008**

<b>Carter &amp; Carter Group Consolidated</b>	
<b>Category</b>	<b>£</b>
Accommodation	24,440 49
Advertising	3,476 61
Telephones	160 10
Company Searches	6 00
Travel	18,036 51
Stationery	3,545 77
Subsistence	6,818 02
	<u>56,483 50</u>

<b>Carter and Carter Colleges Limited</b> <b>- In Administration -</b> <b>Joint Administrators' Abstract of Receipts and Payments</b> <b>As at 15 April 2008</b>	
<b>RECEIPTS</b>	<b>Total (£)</b>
Intercompany - Group	16,123 18
	<u>16,123.18</u>
<b>PAYMENTS</b>	
Direct Labour	16,123 18
	<u>16,123 18</u>
Balances in Hand	<u>-</u>
	<u><u>16,123 18</u></u>

# A Creditors' Guide To Administrators' Fees

**Deloitte.**

## England and Wales

*Creditors or their representatives are required to approve the remuneration of Administrators. This guide is designed to assist creditors of businesses where members or directors of Deloitte & Touche LLP have been appointed Administrators. Apart from the final three paragraphs the main text has been prepared by the Association of Business Recovery Professionals. If you need any assistance on the matters set out below, please feel free to contact us*

### 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 fix the basis of the Administrators' 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

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 Administrators think 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 Administrators' remuneration. The committee is 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 s/he needs to hold one. The committee has power to summon the Administrators to attend before it and provide such information about the exercise of his functions.

### 4. Fixing the Administrators' Fees

4.1 The basis for fixing the Administrators' remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that the remuneration 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, to 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 Administrators.

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

having regard to the same matters as the committee would.

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

4.4 A resolution of creditors may be obtained by correspondence.

### 5. What Information should be provided by the Administrators?

#### 5.1 When seeking fee approval

5.1.1 When seeking agreement to his fees the Administrators should provide sufficient supporting information to enable the committee or the creditors to form a judgment 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 Administrators seek agreement to the terms on which s/he is to be remunerated, s/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 Administrators seek agreement to his fees during the course of the Administration, s/he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs, the Administrators 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 for what the Administrators have achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the Administrators 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 prove 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 the 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

- Partner

- Manager
- Other senior professionals
- Assistants and support staff

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 Administrators wish 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 subcontractors, 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 Administrators 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

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before s/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 s/he has drawn in accordance with the resolution. Where the fee is based on time costs, s/he should also provide details of the time spent and

the charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. S/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 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

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 Administrators' 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 Administrators' 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 Administrators are Dissatisfied?

If the Administrators consider that the remuneration fixed by the creditors' committee is insufficient s/he may request that it be increased by resolution of the creditors. If s/he considers that the remuneration fixed by the committee or the creditors is insufficient, s/he may apply to the Court for it to be increased. If s/he decides to apply to the Court s/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 at the court hearing. If there is no committee, the Administrators' notice of his application must be sent to such of the 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 out 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 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 in the insolvency, profit costs may not be paid unless authorised by the committee, the creditors or the Court.

## **9. Provision of information – additional requirements.**

In any case where the Administrators are appointed on or after 1 April 2005 s/he must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company.

The information which must be provided is –

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

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

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

## **10. Commissions and Discounts**

As a major purchaser of services, Deloitte & Touche LLP as a whole is occasionally able to negotiate enhanced services with preferred suppliers in relation to travel, advertising and other

costs. The use of these suppliers may sometimes result in annual commissions being paid to Deloitte & Touche LLP. The reallocation of such commissions to each case is impracticable and this is not done.

## **10. What if you are Dissatisfied with the Conduct of the Administration Generally?**

We hope that you will not have cause to complain about the way our partners and staff conduct their work on what are generally sensitive and emotive issues for creditors affected by the insolvency. Occasionally misunderstandings arise and mistakes are made. Should you have cause to complain or if you would like to discuss how our service could be improved, please let us know by telephoning the person appointed as Administrator. We undertake to look into any complaint carefully and promptly and to do all we reasonably can to explain the position to you. If you are still not satisfied with the explanations given, you can refer the matter to the RS National Compliance & Risk Partner responsible for investigating any complaints made against our partners and staff. The RS National Compliance & Risk Partner is located in our office at Athene Place, 66 Shoe Lane, London, EC4A 3BQ. If the RS National Compliance & Risk Partner is unable to resolve matters to your satisfaction then you can refer the matters to

The Professional Standards Office,  
Institute of Chartered Accountants in  
England & Wales, Silbury Court, 412-  
416 Silbury Boulevard, Milton Keynes  
MK9 2AF in the case of appointment  
takers licensed by the Institute of  
Chartered Accountants in England &  
Wales. A list of the partners and  
appointment taking directors and their  
licensing bodies is available from the RS  
National Compliance & Risk Partner.

February 2007 Edition

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## Rule 2 48

## Notice of conduct of business by correspondence

Name of Company  Carter & Carter Colleges Limited	Company number  06026202
In the High Court of Justice, Chancery Division (full name of court)	Court case number 2022 of 2008

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

Notice is hereby given by (a)  
Nicholas James Dargan  
Deloitte & Touche LLP  
Athene Place  
66 Shoe Lane  
London  
EC4A 3BQ

Dominic Lee Zoong Wong  
Deloitte & Touche LLP  
Four Brindleyplace  
Birmingham  
B1 2HZ

Christopher James Farrington  
Deloitte & Touche LLP  
1 Woodborough Road  
Nottingham  
NG1 3FG

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

to the creditors of (b) Carter & Carter Colleges Limited  
c/o Deloitte & Touche LLP  
1 Woodborough Road  
Nottingham  
NG1 3FG

(c) Insert number of  
resolutions enclosed

that, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed are 2  
resolutions for your consideration Please indicate below whether you are in favour or  
against each resolution

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

This form must be received at (d)  
Carter & Carter Colleges Limited  
c/o Deloitte & Touche LLP  
1 Woodborough Road  
Nottingham  
NG1 3FG

(e) Insert closing date

by 12 00 hours on 27 May 2008 in order to be counted  
It must be accompanied by details in writing of your claim Failure to do so  
will lead to your vote(s) being disregarded

Repeat as necessary for

Resolution 1  
That the Joint Administrators' remuneration be fixed by reference to the time properly  
given by the Joint Administrators' and their staff in attending to matters arising in the  
Administration, calculated at the prevailing standard hourly charge out rates used by  
Deloitte & Touche LLP at the time when the work is performed

I am \*in Favour / Against

the number of resolutions

Resolution 2  
That the Joint Administrators be discharged from liability under the Administration per  
Paragraph 98 of Schedule B1 of the Insolvency Act 1986, immediately upon the Joint  
Administrators' filing their final report to creditors

I am \*in Favour / Against

attached

\*Delete as appropriate

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM

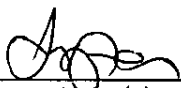
Name of creditor

Signature of creditor

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

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

Signed



Joint / Administrator(s)

Dated

1/5/08

## Rule 2 37

## Creditor's request for a meeting

Name of Company

Carter &amp; Carter Colleges Limited

Company number

06026202

In the  
High Court of Justice, Chancery Division  
(full name of court)Court case number  
2022 of 2008(a) Insert full name and  
address of the creditor  
making the request

I (a)

(b) Insert full name and  
address of registered  
office of the companyrequest a meeting of the creditors of (b) Carter & Carter Colleges Limited  
c/o Deloitte & Touche LLP  
1 Woodborough Road  
Nottingham  
NG1 3FG

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and  
address(es) of creditors  
concurring with the  
request (if any) and their  
claims in the  
administration if the  
requesting creditor's  
claim  
is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of  
concurrence(e) Insert details of the  
purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated

## PROOF OF DEBT - GENERAL FORM

In the matter of  
COMPANY NAME

Carter & Carter Colleges Limited

In Administration  
and in the matter of The Insolvency Act 1986

Date of Administration Order 11 March 2008

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show -  (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category  Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

**Heading required by Article 42(2) of Council Regulation (EC) No 1346/2000 of 29.5.2000, OJ L 160, p12**

**( EC Regulation on Insolvency Proceedings 2000)**

**« Presentación de crédito »**

**» Anmeldelse af fordring «**

**„ Anmeldung einer Forderung ”**

**« Αναγγελία απαιτήσεως »**

**` Lodgement of claim `**

**« Production de créance »**

**« Insinuazione di credito »**

**„ Indiening van een schuldvordering ”**

**« Reclamação de crédito »**

**" Saatavaa koskeva ilmoitus "**

**" Anmälan av fordran "**

**činit si nárok na něco**

**Wniesienie wniosku o odszkodowanie.**

**Követelés benyújtása.**

**bivanje od trditi**

**Подача иска**

**Paduoti skunda**

**Sottomissjoni tat-talba.**

**Prasības pieteikums**

**Nõude esitamine**

**depunerea cererii de chemare in judecata**

**предявяване на иск**

**Heading required by Article 42(1) of Council Regulation (EC) No 1346/2000 of 29.5.2000, OJ L 160, p12**

**( EC Regulation on Insolvency Proceedings 2000)**

**« Convocatoria para la presentación de créditos. Plazos aplicables ».**

**» Opfordring til anmeldelse af fordringer. Vær opmærksom på fristerne «**

**„ Aufforderung zur Anmeldung einer Forderung. Etwaige Fristen beachten! "**

**« Προ´ σκληση για αναγγελί´ α απαιτη´ σεως. Προσοχη´ στις προθεσμίες »**

**‘ Invitation to lodge a claim. Time limits to be observed ‘**

**« Invitation à produire une créance. Délais à respecter »**

**« Invito all’insinuazione di un credito. Termine da osservare »**

**„ Oproep tot indiening van schuldvorderingen. In acht te nemen termijnen "**

**« Aviso de reclamação de créditos. Prazos legais a observar »**

**" Kehotus saatavan ilmoittamiseen. Noudatettavat määräajat "**

**" Anmodan att anmäla fordran. Tidsfrister att iaktta "**

**Pozvání až k bydlit jeden činit si nárok na něco. Čas hranice až k být konat**

**Zaproszenie do wniesienia wniosku o odszkodowanie. Termin wniesienia wniosku jest obarczony obostrzeniami.**

**Invitáció követelés benyújtására. Idő határok betartandók.**

**vabilo v spraviti v zapor a trditi. čas višek v obstati držati se postav**

**Приглашение к подаче иска. Соблюдайте установленные сроки.**

**Pasiūlymas paduoti skunda. Reikia atsižvelgti į terminus**

**Stedina biex taghmel talba. It-termini taz-zmien ghandhom jigu mharsa**

**Uzaicinājums prasības pieteikšanai. Prasības pieteikšanas laiks stingri ierobežots.**

**Palve esitada nõue Palun jälgige aja piiranguid**

**Покана за предявяване на иск. Да бъде направена в обявления срок**

**Invitația de a prezenta pretenția în limite de timp agreeate.**