

Rule 2.47

Form 2.24B

The Insolvency Act 1986

Administrator's progress report**2.24B**

Name of Company:
The Sleep Experience Trading Limited

Company number:
06375865

In the: High Court of Justice
Chancery Division
Leeds District Registry

[full name of court]

Court case number:
1149 of 2008

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

~~I/~~ We (a) Michael E G Saville of Begbies Traynor, 9th Floor, Bond Court, Leeds LS1 2JZ and Bob Maxwell of Begbies Traynor, 9th Floor Bond Court, Leeds, LS1 2JZ

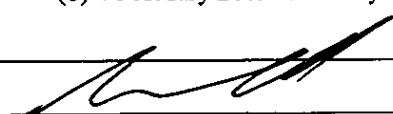
administrator(s) of the above company attach a progress report for the period

from / to

(b) Insert dates

(b) 4 February 2009 to 27 July 2009

Signed:


Joint / Administrator(s)

Dated:

Contact Details:

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

Begbies Traynor

9th Floor, Bond Court, Leeds, LS1 2JZ

Tel Number: 0113 244 0044

Fax Number: 0113 244 5820

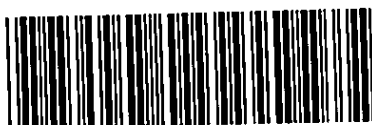
DX Number:

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

THURSDAY



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COMPANIES HOUSE

Michael E G Saville and Bob Maxwell appointed joint administrators on 04 August 2008

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents.

The Sleep Experience Trading Limited (In Administration)

Final Report of the joint administrators pursuant to Rules 2.47 and 2.110 of The Insolvency Rules 1986

Period: 4 August 2008 to 27 July 2009

Contents

- Company and administrators' details
- Progress during the period
- Summary of steps taken during the administration
- Assets remaining to be dealt with in the liquidation
- Payments to be made in the liquidation
- Administrators' proposals
- Outcome
- Appendices
 - 1. Joint administrators' account of receipts and payments, incorporating estimated outcome for creditors
 - 2. Summary of administrators' proposals
 - 3. Joint administrators' time costs and expenses

1. COMPANY AND ADMINISTRATORS' DETAILS

Name of court:	High Court of Justice, Chancery Division, Leeds District Registry
Court reference number:	1149 of 2008
Company registered number:	06375865
Registered office address:	C/O Begbies Traynor, 9 th Floor, Bond Court, Leeds, LS1 2JZ
Names of joint administrators:	Michael E G Saville and Bob Maxwell of Begbies Traynor, 9th Floor Bond Court, Leeds, LS1 2JZ
Date of administrators' appointment:	04 August 2008
Person(s) making appointment/application:	The directors of the Company
Acts of the joint administrators:	The joint administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.

2. PROGRESS DURING THE PERIOD

This report should be read in conjunction with previous reports sent to creditors.

Attached at Appendix 1 is our abstract of receipts and payments for the period from 4 August 2008 to 22 July 2009.

RECEIPTS

Since the date of my last report the following receipts have been made:-

Administrators' sales

We have received the net sum of £11,092 outstanding from House of Fraser.

Book debts

Since the date of our last report, we have realised a further £623 bringing book debt realisations to the sum of £116,860.

Stock, plant and machinery

The sum of £21,000 and £1,000 has been received in respect of the remaining stock and £1,000 for the plant and machinery.

PAYMENTS

ROT stock

We have paid the sum of £8,274 in respect of stock utilised during the trading period subject to a valid retention of title claim.

Rent/utilities

A further sum of £4,161 has been paid in respect of rent and utilities accrued during the trading period. We confirm that all trading liabilities apart from insurance have been paid.

The sum of £282 has also been paid in respect of outstanding consumable costs. These have also been fully discharged.

Legal fees

We have paid a further sum of £4,559 to our solicitors Irwin Mitchell in respect of their professional fees incurred.

Agent's fees

The sum of £2,063 has been paid to our agents, Sanderson Weatherall in respect of their professional costs and disbursements incurred in providing us with a valuation of the assets of the Company together with their assistance in the sale of the same.

3. SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION

The business was almost solely dependant on the trade with House of Fraser and whilst there was expressions of interest in the business, there was little to sell without a sales contract from House of Fraser. However, it was unwilling to provide any guarantee that it would enter into a new contract with any potential buyer of the Company.

Our two main aims for the Administration were, to minimise counter claims against the debts due from House of Fraser and to optimise the value of stock which we believe have largely been achieved by trading the Company on in Administration.

Following initial meetings with House of Fraser, the suppliers and the freight forwarder, we received payment from House of Fraser in respect of outstanding invoices and were able to begin trading, supplying product to House of Fraser and other smaller customers.

On completion of the orders for House of Fraser we were then able to sell some of the remaining stock together with the fixtures and fittings to other interested parties. This was dealt with on the advice of our agents Messrs Sanderson Weatherall.

Trading Sales

The joint administrators' total net sales amount to £219,916 of which £218,962 has been received.

Book debts**Fixed charge debtors**

The debtor ledger outstanding at the date of our appointment was £302,675 with amounts outstanding to HSBC Invoice Finance (UK) Limited ("HIF") of approximately £143,484. Upon our appointment as joint administrators we pursued all debtors to pay the historical debts outstanding. The sums of £137,671 and £52,976 were paid to HIF on 1 and 6 August 2008. The surplus amount of £50,589.01 was paid to the joint administrators and the outstanding book debts of £108,067 reassigned to the Company in administration.

Floating charge debtors

The following is a breakdown of the book debt position.

	£'000
Non factored book debts	40.0
Reassigned book debts	108.0
Total	148.0
Less: Amounts received to date	(66.2)
Total outstanding	81.8
Less: House of Fraser	(24.6)
Less: specific and general provisions	(33.5)
Less: provision for debtors claiming to have paid	(15.7)
TOTAL	7.6

Stock and plant and machinery

Sanderson Weatherall valued the tangible assets of the Company upon our appointment on an in situ and ex situ basis. These were valued as follows:

	MV In situ £	MV Ex situ £
Plant	5,000	2,600
Stock – House of Fraser	128,000	21,000
Other stock	55,000	14,000
Container Stock (not formally valued as at docks and subject to forwarders lien for unpaid charges. Only become an asset due to Administrators' trading)	91,000	15,000
TOTAL	279,000	52,600

The container stock of £91,000 and House of Fraser's stock of £128,000 were utilised during our trading period from which Administrators' sales of £219,923 were made.

The other stock valued ex situ at £14,000 was sold to third parties for £21,000 and the plant sold for £1,000.

4. ASSETS REMAINING TO BE DEALT WITH IN THE LIQUIDATION

Administrators' sales

There are two outstanding sales invoices amounting to £954. No response has been received to date from our chasing letters.

Book debts

There is approximately £81,795.81 outstanding in respect of book debts including £24,602 from House of Fraser. However House of Fraser has stated that they have paid all outstanding amounts

due. It would appear that there are various credit notes which had not been put through the system prior to our appointment. A full reconciliation of the debtor account will need to be undertaken to confirm the position.

A number of debtors have claimed to have paid the Company. We have received several proofs of payment but have been unable to identify these in the Company's bank statements.

We have made a bad debt provision based on the responses to date. We expect further recoveries of approximately £8,000.

5. PAYMENTS TO BE MADE IN THE LIQUIDATION

Preferential creditors, unsecured creditors and the floating charge creditor

We have received a final claim from the Redundancy Payments Office in respect of preferential creditors. However, we have requested a further final claim as we believe that one preferential creditor has not been paid in accordance with their claim. We anticipate this to be in the region of £4,500 and these monies have been set aside and will be discharged by the Company in liquidation.

We anticipate a dividend distribution to unsecured creditors by virtue of Section 176(A) of The Insolvency Act 1986. Section 176A of the Act provides that, where the company has created a floating charge after 15 September 2003, the administrator must make a prescribed part of the company's net property available for the unsecured creditors and not distribute it to the floating charge holder.

This dividend distribution will be dealt with by the Company in liquidation and we will be writing to unsecured creditors as joint liquidators to request that all claim forms are submitted.

Corporation tax liability

There will be a small corporation tax liability accrued on the bank interest received by the joint administrators.

Insurance

We are awaiting a final invoice in respect of the insurance cover obtained upon our appointment as joint administrators over the company's assets. We have made a provision of £5,000 and do not anticipate that it will exceed this amount.

Accountant's fees

The sum of £1,500 will be paid to the company's former accountants in respect of their professional fees incurred in providing the company's statement of affairs as at 4 August 2008 and providing assistance to the joint administrators post appointment in respect of the employees' wages

JOINT ADMINISTRATORS REMUNERATION.

As previously reported, the administrators' remuneration is based on hourly costs at scale rates calculated on the time properly spent in the course of the administration and was approved by the secured and preferential creditors on 15 October 2008 pursuant to Rule 2.106 of the Insolvency Rules 1986.

Total time spent on this assignment amounts to 981.15 hours at an average composite rate of £167.80 per hour resulting in total time costs to date of £164,639. The following further information as regards time costs and expenses is set out at Appendix 3:

- ☐ Begbies Traynor policy for re-charging expenses
- ☐ Begbies Traynor charge-out rates

- ☐ Narrative summary of time costs incurred and summary by staff grade and work activity.

6. ADMINISTRATOR'S PROPOSALS

Attached at Appendix 2 is a summary of the joint administrators' proposals as deemed approved under Rule 2.33(5) of the Insolvency Rules 1986 in the absence of an initial meeting of creditors.

7. OUTCOME

We confirm that sufficient monies have been set aside to pay preferential creditors in full.

We also confirm that there will be funds available to permit a dividend to unsecured creditors by virtue of Section 176(A) of The Insolvency Act 1986. At the time of preparing the administrators' proposals (summary attached at Appendix 2) it was thought that there would be insufficient funds to permit a dividend to unsecured creditors by virtue of Schedule 176A of The Insolvency Act 1986.

To enable the distribution to unsecured creditors we are implementing the provisions of Paragraph 83 of Schedule B1 to the Act approved in our proposals dated 24 September 2008.

As the Notice accompanying this report confirms, once registered by Companies House, our appointment as joint administrators will cease to have effect and the Company will be deemed to be subject to creditors' voluntary liquidation (with the former joint administrators acting in the capacity as joint liquidators) (Form 2.34 B).

Finally, we seek the consent of the secured and preferential creditors to our discharge as administrators by a resolution passed pursuant to Paragraph 98 of Schedule B1 to the Act. We seek the date of our discharge to coincide with the date on which our appointment as joint administrators ceases to have effect.

Name:


Joint Administrator

Date:

27 July 2009

JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS

Period 4 August 2008 to 27 July 2009

	Notes	Receipts & Payments to date £	Anticipated Receipts & Payments in the Liquidation £	Projected Outcome £
ASSETS SUBJECT TO FIXED CHARGE				
Book Debts	1	194,092	-	194,092
Less: Fixed charge holder -HSBC Invoice Finance (UK) Limited		(143,484)	-	(143,484)
Surplus available for floating charge		50,608	-	50,608
ASSETS SUBJECT TO FLOATING CHARGE				
Book Debts		66,252	7,600	73,852
Administrators Trading		218,969	954	219,923
Stock Sales		21,000	-	21,000
Plant Sales		1,000	-	1,000
Bank Interest		12	1	13
		357,841	8,555	366,396
Trading				
Administrators' Purchases		(12,837)	-	(12,837)
Stock		(64,612)	-	(64,612)
Forwarding Agent		(72,261)	-	(72,261)
Import Duty/VAT		(5,360)	-	(5,360)
Wages & Salaries		(23,094)	-	(23,094)
PAYE/NIC		(3,321)	-	(3,321)
Packaging		(17,181)	-	(17,181)
Insurance		-	(5,000)	(5,000)
Consumables		(3,706)	-	(3,706)
Rent/Utilities		(16,828)	-	(16,828)
Legal fees & Disbursements		(10,154)	-	(10,154)
		128,486	3,555	132,041
Payments				
Accountant's fees		-	(1,500)	(1,500)
Administrators' disbursements		(195)	(700)	(895)
Administrators' fees		-	(70,000)	(70,000)
Agent's fees		(2,063)	-	(2,063)
Bank charges & Sundry		(119)	(20)	(139)
Bordereau (statutory bond)		(207)	-	(207)
Available for preferential creditors		125,903	(68,665)	57,238
Arrears of wages and holiday pay		-	(4,500)	(4,500)
Net property		125,903	(73,165)	52,738
Prescribed part of net property set aside for unsecured creditors		-	-	13,548
Available for floating charge holder		125,903	(73,165)	39,190
HSBC Bank Plc		-	(210,923)	(210,923)
		125,903	(284,088)	(171,733)
Summary of balances held:				
HSBC Bank plc		129,527		
VAT payable		(3,624)		
		125,903		

Notes

1) The book debt receipts of £194,092 were received by HSBC Invoice Finance (UK) Limited direct in settlement of £143,488 giving a surplus of £50,608 which has been received by the administrators.

SUMMARY OF ADMINISTRATORS' PROPOSALS DATED 24 SEPTEMBER 2008

Proposals deemed approved under Rule 2.33(5) of the Insolvency Rules 1986.

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

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

We consider that being able to continue to trade in the context of an administration as an alternative to an immediate cessation of trade and liquidation of the Company has significantly enhanced the prospects for the secured and the preferential creditors.

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

- To optimise value of stock and trade debtors.
- Collection of book debts.

Following these events we propose to finalise distributions to the secured and preferential creditors.

Joint Administrators Proposals

It is proposed that the joint administrators continue to manage the affairs of the Company in order to achieve the objective of the administration. In the circumstances it is proposed that:

1. The joint administrators, if they see fit, make an application pursuant to paragraph 65(3) of Schedule B1 of the Insolvency Act 1986, for the permission of the Court to make a payment by way of a distribution to all or any creditors where such distribution is considered to be in the best interests of creditors as a whole.
2. The Company shall remain in administration for such period as the joint administrators deem necessary and appropriate.
3. If necessary, the joint administrators shall have the authority to apply to Court for an extension of the duration of the administration for a period of up to six months (in accordance with the provisions of Schedule B1 paragraph 76(2) of the Insolvency Act 1986).

4. In the event that the joint administrators are of the view that it is appropriate for the Company to move from administration into liquidation, the joint administrator be authorised to take steps to place the Company into creditors voluntary liquidation as detail in the 'Exit from Administration' section below.
5. The joint administrators be authorised to seek the role of joint liquidators.
6. If the joint administrators consider that there will be no distribution to unsecured creditors, and if they also consider that an exit from administration into liquidation is not appropriate, then the joint administrators be authorised to take the necessary procedural steps to bring about the end of the administration and move the Company into dissolution pursuant to paragraph 84 of Schedule B1 of the Act. For more details of this procedure, please refer to the 'Exit from Administration' section below.
7. Upon the Company either proceeding into liquidation or dissolution as set out above, the Joint Administrators discharge from liability, pursuant to paragraph 98 of Schedule B1 shall take effect fourteen days following either the Company entering into liquidation or filing the Notice moving from administration to dissolution.
8. For the purposes of Rule 2.106(2)(b) of the Insolvency Rules 1986, the remuneration of the joint administrators shall be fixed by reference to the time given by the joint administrators and their staff in attending to matters arising during their administration. The joint administrators shall be authorised to draw their remuneration either from funds under their control as joint administrators or as a first expense in the subsequent liquidation.
9. Begbies Traynor's costs and expenses relating to planning and acceptance of the appointment be treated as an expense of the administration (albeit incurred prior to the date of appointment) and calculated by reference to the charge out rates in Appendix 3 hereto.
10. The joint administrator shall have authority to sanction and agree the fees of any solicitors, quantity surveyors or similar agents by reference to the time given by such agents and their staff, in attending to matters arising in the administration.
11. The joint administrators be at liberty to recharge disbursements as detailed in the circulated Guide to Administrators' Fees.
12. The joint administrators be at liberty to pay costs and remuneration in relation to proposals in paragraphs 8, 9, 10, and 11 above as and when funds become available.
13. Without prejudice to the provisions of section 14 of the Insolvency Act 1986, the joint administrators may carry out all other acts that they may consider to be incidental to the proposals above in order to assist in their achievement of the stated purposes of the administration order or any variation thereto.

Exit from Administration

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

Companies, our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

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

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude the collection of the trade debtors. Yet Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, the administrator's term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding six months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further 6 months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

If (whether or not an extension to the period of administration actually becomes necessary) it ultimately transpires that there are indeed surplus funds enabling a distribution to the unsecured creditors, then unless the court makes an order permitting such a distribution on our application, we will issue revised proposals for consideration by creditors dealing with the most appropriate exit strategy from the administration in those circumstances.

Section 176A Fund for Unsecured Creditors

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

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

An administrator will not be required to set aside the *prescribed part* if:

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

Rule 2.33 of the Rules requires that our proposals for achieving the purpose of the administration shall include, to the best of our knowledge and belief, an estimate of the value of the *prescribed part* and an estimate of the value of the Company's *net property*.

We presently estimate the net property subject to floating charges would be £40,483 of which the sum of £11,097 would be available for distribution amongst the unsecured creditors.

On present information we confirm that it is not our intention to make an application to court under section 176A(5). However we reserve our position generally in this regard should circumstances materially change.

If it transpires that there are surplus funds enabling a distribution to the unsecured creditors we do not have a general power to make a distribution to unsecured creditors and may only do so if the court gives permission. Should it be appropriate the Administrator will apply to Court for an early distribution to creditors. The normal course for making distributions to unsecured creditors in a voluntary liquidation. Additionally there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

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

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

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

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

Administrators' Remuneration

The joint administrators propose to be remunerated on the basis of their hourly costs at scale rates calculated on the time properly spent in the course of the administration and that they may draw their remuneration on account as and when funds permit. The joint administrators also seek approval to re-charge expenses in line with their firm's policy.

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

The Joint Administrators estimated there will be no funds available for distribution to unsecured creditors other than by virtue of Section 176A (2)(a) of The Insolvency Act 1986. As such confirmation and approval of the Joint Administrators' remuneration will be sought from secured and preferential creditors in accordance with Rule 3.106(5A) as appropriate.

In the event that the Joint Administrators' remuneration is not agreed an application will be made to court for remuneration to be fixed in accordance with Rule 2.106(6).

JOINT ADMINISTRATORS' TIME COSTS AND EXPENSES

- a. Begbies Traynor policy for re-charging expenses;
- b. Begbies Traynor charge-out rates;
- c. Narrative summary of time costs incurred and summary by staff grade and work activity.

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

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

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

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

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

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

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

Best practice guidance classifies expenses into two broad categories:

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

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

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

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

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

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

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

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

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

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

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

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

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME: The Sleep Experience Trading Limited

CASE TYPE: ADMINISTRATION

OFFICE HOLDERS: Michael E G Saville and Bob Maxwell

DATE OF APPOINTMENT: 4 August 2008

1 CASE OVERVIEW

1.1 This overview is intended to allow the body responsible for the approval of the office-holder's fees to view the quantum of those fees in the context of the case in question.

1.2 *Complexity of the case*

In order to minimise counter claims against the debts due from the major customer and optimise the value of the stock we continued to trade the Company. This process was both complex and protracted and included holding numerous meetings with the customer in order to agree terms and secure the required stock and packaging. Meeting the customer's delivery dates with changing criteria proved one of the most challenging aspects of the trading period.

1.3 *Exceptional responsibilities*

Negotiating deals with the Chinese supplier and negotiating terms with the Company's major customer and obtaining legally binding agreements from all parties.

1.4 *The office-holder's effectiveness*

By trading the Company we have maximised the value of the stock which would have resulted in a substantial write off if sold on a break-up basis and a larger collection of the major debts with the outcome being far different if the trading period had not gone ahead.

1.5 *Anticipated return to creditors*

The preferential claims and secured creditors will be paid from the monies set aside and placed into the liquidation. However there is insufficient property to enable a distribution to unsecured creditors other than by virtue of section 176(A). This dividend distribution will be dealt with in the liquidation.

1.6 *Time costs analysis*

An analysis of time costs incurred is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average rate charged for each work type.

1.7 *Approval of fees*

The joint administrators have sought the secured and preferential creditors' approval that they may draw their remuneration on a time cost basis and that they may draw their remuneration as and when funds permit. Upon receiving approval from the secured creditor, our fees as joint administrators will be drawn and paid from the funds transferred to the liquidation file.

1.8 *Other professionals employed & their costs*

We have instructed Irwin Mitchell solicitors in this matter to advise on the validity of our appointment and other general advice as necessary. Their basis of remuneration is on the basis of time properly spent advising us in this matter.

2 EXPLANATION OF OFFICE-HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

2.1 Begbies Traynor's policy for re-charging expenses incurred by insolvency office-holders is set out in a separate accompanying note.

2.2 The rates charged by the various grades of staff who may work on a case are also set out in a separate accompanying note.

3 SUMMARY OF WORK CARRIED OUT

3.1 The following is a summary of the work carried out during the administration.

- Negotiating with the Chinese supplier, freight forwarder and the Company's major customer in order to continue to trade the Company and fulfil orders on behalf of the major customer.
- Attending various meetings with the major customer to agree terms of trading, stock to be supplied, timescales for delivery, etc.
- Liaising with the freight forwarders to release stock.
- Attending to payment of import Duty/VAT.
- Dealing with all trading issues.
- Debt Collection.
- Post appointment duties including notifications.
- Dealing with creditors' queries.
- Correspondence with creditors.
- Dealing with employment issues and claims received.
- Dealing with the Redundancy Payments Office in respect of preferential claims.
- Drafting of interim progress reports.
- Closure formalities

TIME COST ANALYSIS AS AT 27 July 2009

The following table is a summary of time costs incurred by staff grade and work activity from 4 August 2008 to 27 July 2009.

	Hours					Time cost £	Average hourly rate
	Partners	Managers	Other senior professionals	Assistants & support staff	Total hours		
Pre Appointment Time	3.40	13.25	-	9.00	25.65	5,888	226
Fees drawn to date						3,000	
Time costs written off						2,808	
Pre Appointment time costs carried forward						0	
Administration & Accountancy	6.70	5.10	-	64.35	76.15	10,352	136
Planning & Control	4.20	19.00	-	0.20	23.40	7,026	300
Fixed Charge Assets	-	-	-	-	-	0	#DIV/0!
Floating Charge Assets	11.80	51.70	-	18.00	81.50	21,672	266
Trading	54.10	22.00	-	525.10	601.20	92,828	154
Debt Collection	-	3.40	-	71.95	75.35	9,271	123
Preferential, Unsecured & Employee Matters	-	-	-	2.40	2.40	312	130
Meetings and Statutory duties	0.20	6.60	-	6.00	12.80	2,297	179
Reports, SoA & Statutory returns	6.50	1.50	-	21.20	29.20	5,324	182
Investigations	2.80	36.65	-	39.70	79.15	15,558	197
	-	-	-	-	-	0	#DIV/0!
Total hours	86.30	145.95	-	748.90	981.15		
Total cost to date	30,110.00	39,516.25	-	95,012.50		164,639	168
Fees drawn to date							
Outstanding costs						164,639	
Fees requested							