

## The Insolvency Act 1986

**Administrator's progress report**

Name of Company Silver Spring Soft Drinks Limited	Company number 06838247
In the High Court of Justice Chancery Division Companies Court (full name of court)	Court case number 7507 of 2012

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

I/We (a)  
C P Holder  
Zolfo Cooper  
10 Fleet Place  
London  
EC4M 7RB

K J Coates  
Zolfo Cooper  
10 Fleet Place  
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A C O'Keefe  
Zolfo Cooper  
The Zenith Building  
26 Spring Gardens  
Manchester  
M2 1AB

administrators of the above company attach a progress report for the period

(b) Insert date

From (b) 28 September 2012	To (b) 27 March 2013
-------------------------------	-------------------------

Signed

P Holder  
Joint Administrator

Dated

26/04/13

**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

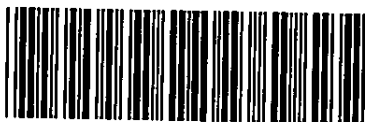
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**Joint Administrators'  
progress report  
for the period  
28 September 2012 to  
27 March 2013**

**Silver Spring Soft Drinks Limited  
In Administration**

**25 April 2013**

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## **1 Statutory information**

- 1.1 Peter Holder was appointed Joint Administrator of Silver Spring Soft Drinks Limited (the Company) together with Kevin Coates and Anne O'Keefe on 28 September 2012 by PNC Business Credit (PNC), 8-14 the Broadway, Haywards Heath, RH16 3AP, as the holder of a qualifying floating charge.
- 1.2 The Administration is being handled by Zolfo Cooper's Manchester office, situated at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.
- 1.3 The Administration is registered in the High Court of Justice, Chancery Division, Companies Court, under reference number 7507 of 2012.
- 1.4 The trading address of the Company was Park Farm Road, Park Farm Industrial Estate, Folkestone, Kent, CT19 5DN (the Premises).
- 1.5 The registered office of the Company has been changed to The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB and its registered number is 06838247.
- 1.6 In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Joint Administrators are to be exercised by any or all of the Joint Administrators.

## **2 Progress of the Administration**

- 2.1 As outlined in the Joint Administrators' Statement of Proposals dated 16 November 2012 (the Proposals), the Joint Administrators are pursuing the second objective of the Administration, namely to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration)
- 2.2 The Proposals stated that the second objective would be pursued by the Joint Administrators continuing to trade the business whilst seeking a purchaser for the business and assets of the Company.
- 2.3 As discussed in further detail in this section, although a sale of the business was not successful, the second objective has been achieved. The continued trading of the business allowed the completion of the work in progress and the sale of finished goods stock. In addition, the realisable value of the book debts was maximised as clauses in certain customer contracts would have given rise to various counter claims had the Company's operations ceased without having given sufficient notice. The above would not have been achievable had the Joint Administrators immediately ceased the Company's trading operations, or had the Company been wound up.
- 2.4 Attached at Appendices A and B are the Joint Administrators' Receipts and Payments Account and Trading Account for the period 28 September 2012 to 27 March 2013.

- 2.5 The analysis of receipts and payments for the period excludes the following costs which have been incurred but not yet paid.

Cost category	Supplier	Amount not yet paid £
Legal fees	Squire Sanders (UK) LLP	26,682
Legal fees	Mills & Reeve LLP	69,096
Debt collection fees	Addleshaw Goddard LLP	5,900
Agent's fees	Sanderson Weatherall LLP	50,000
Payroll agents	Insol Group	920
Trading / site clearance costs	Various including rent, utilities and trade suppliers	108,708
Plant and machinery realisation expenses	Various including insurance and security costs	87,983
<b>Total</b>		<b>349,289</b>

### Sale of business

- 2.6 The Joint Administrators continued to trade the Company in Administration whilst marketing the business for sale. This strategy was adopted to try and preserve value by way of a sale of the business as a going concern.
- 2.7 Despite an extensive marketing exercise and discussions with a number of interested parties, the Joint Administrators were unable to secure an acceptable offer for the business as a going concern. As stated in the Proposals, two formal bids were received for the business and assets of the Company on a going concern basis. The first of these bids was rejected as it was lower than the break-up value of the Company's assets and therefore did not represent the best interest of creditors. The second offer was rejected as the interested party could not work to the necessary timeframe or provide proof of funding.
- 2.8 Discussions continued with a third interested party throughout the trading period. However, this party failed to make a formal offer.
- 2.9 Instead a separate break-up sale of the Company's plant and machinery and brands was pursued. This is detailed further in sections 2.23 to 2.30 of this report.

### Trading

- 2.10 The Joint Administrators forecasted that the business could be traded profitably for up to eight weeks due to significant orders which had been received from certain customers. In addition to enhancing the realisable value of book debts, this also allowed discussions to continue with the interested parties detailed above.
- 2.11 Following the completion of a major contract packaging agreement, and due to several of the Company's major customers resourcing production elsewhere, it was no longer viable to continue to trade the business. Consequently, the Joint Administrators ceased production on 23 November 2012 and began to wind down the Company's activities.
- 2.12 The majority of the Company's staff were made redundant on 23 November 2012 (68 employees), whilst the remaining staff members were retained to assist the Joint Administrators in realising the Company's remaining assets. Further redundancies were made on 21 December 2012 (8 employees) and 7 February 2013 (1 employee), before the final staff members were made redundant on 28 March 2013 (5 employees). The Company also vacated the Premises on this date.

- 2.13 As stated in the Proposals, the Joint Administrators entered into an invoice discounting facility with PNC, to assist with the working capital requirements of the business during the trading period. The accrued fees associated with this facility are £22,140 to date. The Joint Administrators expect there to be further fees as the facility is wound down, but do not anticipate these being significant
- 2.14 Sales to the value of £3.53 million were made during the period that the Joint Administrators traded the Company. Deductions against sales of £128,000 were incurred. This was in respect of contractual overrides, contractual advertising costs, backhaul costs, agreed customer discounts and returned goods.
- 2.15 The profit reported in the Trading Account attached at Appendix B is £614,264. The Joint Administrators are currently finalising the trading period purchase and sales ledger positions. The Joint Administrators are pursuing the final amounts due from customers and expect to receive an estimated further £40,000 in respect of goods invoiced but not yet paid in the post appointment period. The anticipated final trading profit figure will be in the region of £660,000.
- 2.16 This trading profit compares favourably to the estimated profit on the sale of the finished good stock and raw materials of £177,000, if the Joint Administrators had ceased production immediately on appointment.

### **Book debts**

- 2.17 At the date of the Joint Administrators' appointment, the book debt ledger totalled £5.99 million. InterGest UK Limited (InterGest), the Company's third party accounting function, was instructed to continue to assist in the collection of the Company's book debt ledger and was paid on a monthly fixed fee arrangement. Total book debts of £5.25 million have been collected to date.
- 2.18 The Joint Administrators are continuing to pursue the remaining book debts with the assistance of solicitors. The Joint Administrators have identified £205,000 of uncollectable debit notes which were included in the Company's book debt ledger at appointment. In addition, contra of £434,000 have been set-off against the pre-appointment book debts as a result of terms in customer contracts. Based on present information, future recoveries in the region of £31,000 are anticipated and the balance is expected to be written off as uncollectable.

### **Stock**

- 2.19 At the date of appointment, the Company held raw materials with a book value of approximately £1.07 million. However, it should be noted that approximately £600,000 of this stock was considered to have no residual value due to it being bespoke branded products which were no longer required, or old and unusable raw materials.
- 2.20 Finished goods of approximately £500,000 at cost value was also held by the Company at the date of appointment.
- 2.21 Raw materials not used in production were offered for sale at the end of the trading period. At present, the Joint Administrators have realised £37,000 and are pursuing payment of an additional £11,000 for goods invoiced.

- 2.22 The Joint Administrators have received 16 retention of title (ROT) claims which total £425,000. The Joint Administrators have made payments of £105,000 to settle 14 of the claims and have two further claims on which to adjudicate. It is anticipated that the cost of settling these two claims will be £1,650.

### **Plant and machinery**

- 2.23 The Joint Administrators engaged Sanderson Weatherall LLP to provide a valuation of the plant and machinery and to assist with the disposal of these assets. Acting on the advice of our agents, the Joint Administrators accepted an offer of £1.2 million for certain items of plant and machinery. This sale was concluded by private treaty to an unconnected third party prior to the subsequent auction.
- 2.24 The residual plant and machinery was placed into an auction, realising a further £782,000 (prior to costs of sale).
- 2.25 The Joint Administrators have also accepted an offer of £140,000 for certain items of plant and machinery for which no acceptable bids were received at the auction. The Joint Administrators are in the process of concluding this sale.
- 2.26 Total sales to date relating to plant and machinery are therefore £2.12 million, of which £1.95 million has been received. The balance is currently being held by the Joint Administrators' agents or is subject to contract and is due to be received shortly.
- 2.27 The landlord of the Company's Premises is claiming ownership over certain assets that were agreed to be sold at auction. These assets achieved £260,000 at auction and are included in the figures above. Ownership of these assets remains in dispute and the Joint Administrators are seeking to agree an acceptable settlement with the landlord.
- 2.28 It is estimated that the final plant and machinery realisation and site clearance costs of approximately £197,000 will be paid shortly

### **Intellectual property**

- 2.29 As it became clear that a sale of the business as a going concern was not possible, the Joint Administrators agreed a sale of the Company's Intellectual property, relating to its brands, for £50,000.
- 2.30 In accordance with Statement of Insolvency Practice 13, please be advised that the following assets were sold to a company which is a connected party, by virtue of there being a common director of the Company.

Date of transaction	Asset involved and nature of transaction	Consideration paid £	Sold to	Relationship
17 December 2013	Intellectual property	50,000	Speaking Water IP Limited	Antony Hawker - director of the Company and Speaking Water IP Limited

### **Other assets**

- 2.31 Insurance, utility and sundry refunds totalling £20,000 were recovered. This is in addition to £7,600 cash held in the Company's pre-appointment bank account.

## **3 Assets still to be realised**

- 3.1 The Joint Administrators are concluding sales of the remaining plant and machinery and are also working to collect the final pre and post appointment debtors along with funds to be received in relation to sales of residual raw materials and plant and machinery. Further details as to the actions taken to date are provided in section 2 of this report.
- 3.2 Sanderson Weatherall LLP has been engaged to review any potential refunds due in relation to the rateable value of the Company's Premises. At present, it is not possible to estimate the outcome of this review. The fee for this engagement is contingent and based on a percentage of realisations achieved.

## **4 Investigations**

- 4.1 The Joint Administrators conducted investigations into the actions taken by the Company and its officers prior to their appointment to discharge their duty to report to the Secretary of State of the Department for Business, Innovation and Skills on the conduct of the directors, and to determine whether there were matters arising that could be pursued in order to increase the funds of the insolvent estate for the benefit of creditors. The Joint Administrators did not identify any matters that were capable of being pursued and that would result in an increase in the insolvent estate funds. On this basis, the Joint Administrators do not propose to take any further action.

## **5 Pre-administration costs**

- 5.1 The pre-appointment costs were reported in the Proposals. Approval for the pre-appointment fees charged and expenses incurred by the Joint Administrators was not requested and the Joint Administrators do not intend to seek approval for these costs.

## **6 Joint Administrators' remuneration**

- 6.1 The secured and preferential creditors approved, by way of resolutions passed by correspondence pursuant to rule 2.48 of the Insolvency Rules 1986, that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by the Joint Administrators and their staff on matters arising in the Administration.
- 6.2 The Joint Administrators' time costs for the period from 28 September 2012 to 27 March 2013 are £864,164. This represents 3,053 hours at an average rate of £283 per hour. Attached at Appendix C is a Time Analysis for the period which provides details of the costs incurred by activity and by staff grade. Approval of the Joint Administrators' remuneration has been sought in accordance with rule 2.106 of the Insolvency Rules 1986 as amended.

6.3 Principal areas of activity during the period are discussed in further detail below.

- **Administration and planning** - time has been incurred formulating and implementing the initial case strategy, complying with statutory duties and performing general administrative work. Case related treasury and support time is also recorded here.
- **Investigations** - time has been incurred conducting investigations into the directors' conduct together with the Company's dealings prior to the appointment of the Joint Administrators and the submission of a report to the Department for Business, Innovation and Skills pursuant to the Company Directors Disqualification Act 1986.
- **Realisation of assets - fixed charge** - this includes exploring a potential sale of the business, formulating and implementing a marketing campaign, liaising with interested parties and solicitors, liaising with the agents in respect of the plant and machinery and formulating a realisation strategy. Time recorded here also includes time incurred achieving a sale of the Company's intellectual property.
- **Realisation of assets - debtors** - reviewing the Company's book debt ledger, communicating and negotiating with debtors regarding outstanding balances, dealing with disputes and supervising InterGest in their capacity as debt collection agents, dealing with lawyers to collect outstanding amounts.
- **Realisation of assets - floating charge** - time has been spent dealing with a number of ROT claims. Dealing with the sale of the Company's floating charge assets which include negotiation with interested parties, dealing with agents and lawyers and dealing with third party assets including the lease of Company's Premises is also recorded here.
- **Trading** - preparing trading budgets and forecasts, liaising with suppliers, managing employee issues and overseeing the on-going trading of the business on a day to day basis. A significant amount of time has also been incurred corresponding and meeting with customers to discuss contractual issues and on-going supplies, in order to maximise trading revenue and minimise those customers' claims against the Company, as discussed further in section 2 of this report. Reconciling the customer receipts and allocating them on PNC invoice discounting systems and treasury time relating to trading receipts and payments is also recorded here.
- **Creditors** - time has been incurred notifying all creditors of the appointment, preparing statutory reports and dealing with general unsecured creditor correspondence. Time has also been spent dealing with employee claims and reporting to the secured creditor. Time has been incurred liaising and meeting with the secured creditors on a regular basis in relation to progress of the Administration and its on-going strategy.

6.4 A copy of 'A Creditors' Guide to Administrators' Fees' can be downloaded from Zolfo Cooper's creditor portal (<http://www.zcinfoportal.com>) - click on Creditors' Guide to Fees in the menu on the left side of the screen. If you would prefer this to be sent to you in hard copy please contact Rob Hart by email ([rhart@zolfocooper.eu](mailto:rhart@zolfocooper.eu)) or by phone (0161 838 4520).

6.5 To date fees totalling £300,000 plus disbursements of £22,502 have been drawn on account. Of this amount, £175,835 has been drawn in respect of the supervision of trading.

6.6 The Joint Administrators can confirm that the following category 2 disbursements have been taken.

- **Photocopying** - charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying.
- **Printing** - charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour.
- **Business mileage** for staff travel - charged at the rate of 45 pence per mile.

- 6.7 Information in relation to the Joint Administrators' policy on staffing, the use of sub-contractors, payment of disbursements and details of current charge-out rates by staff grade is provided at Appendix D.

## **7 Estimated outcome for creditors**

### **Secured creditor - PNC Business Credit**

- 7.1 The Company granted a fixed and floating charge debenture to PNC on 30 June 2011 and an additional fixed charge dated 31 August 2012 in respect of specific plant and machinery. PNC also operated a confidential invoice discounting facility under which the Company assigned its book debts to PNC.
- 7.2 PNC was owed a total of £4.70 million secured under its facilities. The Joint Administrators have distributed £500,000 to PNC under its fixed charge over the Company's plant and machinery and £3.19 million under its invoice discounting facility from book debt realisations. In addition, under the terms of its facilities, PNC are entitled to apply any surplus book debt receipts against its indebtedness with the Company. As a result, a further £1.01 million has been distributed to PNC from surplus book debt collections and PNC have now been repaid in full.

### **Secured creditor - Ravensbourne Holding S.ar.L**

- 7.3 The Company granted fixed and floating charge debentures to Ravensbourne Holding S.ar.L (Ravensbourne) on 25 January 2011, 21 October 2010 and 17 September 2009. At the date of appointment, Ravensbourne was owed £6.3 million (before interest and charges) secured under its second ranking fixed and floating charge debentures over the Company's assets.
- 7.4 Following the sale of the Company's intellectual property, £50,000 was distributed to Ravensbourne under its fixed charge. Further distributions will be available to Ravensbourne under its floating charge. However, Ravensbourne will suffer a shortfall in the repayment of its debt secured by its debentures.

### **Preferential creditors**

- 7.5 Certain employees were owed holiday pay from the Company which ranks preferentially. Preferential creditors are anticipated to be in the region of £30,000. A dividend of 100 pence in the pound will be paid to preferential creditors.

### **Unsecured Creditors' Fund**

- 7.6 Pursuant to section 176A of the Insolvency Act 1986, where there is a floating charge which post-dates 15 September 2003, the Joint Administrators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (Unsecured Creditors' Fund), commonly known as the 'prescribed part'.
- 7.7 As the Company granted floating charges after 15 September 2003, the Joint Administrators are required to create an Unsecured Creditors' Fund. Based on present information, the Joint Administrators estimate the value of the Company's net floating charge property to be approximately £1.4 million. Arising from this, the value of the Unsecured Creditors' Fund is estimated to be approximately £280,000, before costs.

### **Unsecured creditors**

- 7.8 There will be insufficient funds available to enable a dividend to be paid to the Company's unsecured creditors, other than by virtue of the Unsecured Creditors' Fund, as detailed above.

## **8 Ending the Administration**

- 8.1 Based on current information, a dividend will be paid to the unsecured creditors by way of the Unsecured Creditors' Fund only. Once the remaining assets have been realised and the trading position has been finalised, the Joint Administrators will file a notice at the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation (CVL).
- 8.2 The proposed Joint Liquidators as previously stated in the Joint Administrators' Proposals, Paul David Williams and Jason James Godefroy of Duff & Phelps Limited, have withdrawn their consent to act as Joint Liquidators of the CVL. As the Joint Administrators' Proposals had been agreed prior to this withdrawal, the Joint Administrators applied to the Companies Court to alter their Proposals. The Companies Court have consented to the Joint Administrators' Proposals to be altered to state that the current Joint Administrators will become Joint Liquidators of the Company's CVL when the notice is filed at the Register of Companies. The updated Joint Administrators' Proposals have been added to Zolfo Cooper's creditor portal as stated in the covering letter to this report.
- 8.3 The Joint Administrators will be discharged from liability under paragraph 98 of schedule B1 to the Insolvency Act 1986 directly after their appointment as Joint Administrators ceases to have effect.

## **9 Creditors' rights**

- 9.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors) may request in writing that the Joint Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 9.2 Any secured creditor, or an unsecured creditor (with the agreement of at least 10% of the value of unsecured creditors) may, within eight weeks of receipt of this report, make an application to court on the grounds that the basis fixed for the Joint Administrators' remuneration is inappropriate, or that the remuneration charged or the expenses incurred by the Joint Administrators as set out in this report are excessive.

## **10 Next report**

- 10.1** The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration, or earlier if the Administration has been finalised.

For and on behalf of  
Silver Spring Soft Drinks Limited



**Peter Holder**  
Joint Administrator

Encs

**Receipts and Payments Account for the period 28  
September 2012 to 27 March 2013**
**Appendix A**
**Statement  
of Affairs**

<b>£</b>		<b>£</b>
	<b>Fixed charge assets</b>	
	<b>Receipts</b>	
	Intellectual property	50,000
5,510,813	Invoice discounted book debts	5,254,275
1,730,000	Plant and machinery	1,945,000
	Bank interest	275
		<u>7,249,550</u>
	<b>Payments</b>	
	Legal fees	9,988
	Legal disbursements	16
	PNC costs	74,472
	PNC termination fee	140,000
	InterGest fees:	
	Book debt collection / accounting fees	34,375
	Payroll agent fees	500
	Disbursements	164
	Security costs	32,308
	Insurance	25,825
	Plant and machinery realisation expenses:	
	Rent	221,505
	Wages and salaries	39,399
	Utilities	47,721
	Other employee costs	430
	Sundry expenses	3,972
	PAYE	25,980
	Site clearance costs	8,291
	Bank charges	104
		<u>(665,050)</u>
	<b>Distributions</b>	
	Fixed chargeholder: PNC	4,700,000
	Fixed chargeholder: Ravensbourne	50,000
		<u>(4,750,000)</u>
	<b>Balance of fixed charge assets</b>	<u><u>1,834,500</u></u>

# Receipts and Payments Account for the period 28 September 2012 to 27 March 2013 (cont'd)

## Appendix A

	<b>Floating charge assets</b>	
	<b>Receipts</b>	
	Trading surplus	614,264
	Insurance refund	709
6,511	Cash at bank	7,649
	Third party funds	170
	Sundry refunds	801
	Pre-appointment utility refunds	18,622
	Bank interest	91
		<u>642,306</u>
	<b>Payments</b>	
	Preparation of Statement of Affairs	1,150
	Joint Administrators' remuneration:	
	Trading	175,835
	Statutory duties	124,165
	Category 1 disbursements:	
	Statutory advertising	77
	Stationery and postage	3,057
	Redirection of mail	110
	Telephone costs	73
	Specific penalty bond	320
	Travel and subsistence	16,850
	Storage costs	15
	Category 2 disbursements:	
	Mileage	1,206
	Photocopying and printing	794
	Legal fees	14,476
	Legal disbursements	251
	ID facility costs:	
	Interest	4,140
	Arrangement fee	10,000
	Administration costs	8,000
	Employee agent's fees	2,040
	Bank charges	2,137
		<u>(364,696)</u>
	<b>Balance of floating charge assets</b>	<u><u>277,610</u></u>
	<b>Total balance</b>	<u><u>2,112,110</u></u>
	<b>Represented by</b>	
	Interest bearing accounts	2,786,575
	VAT payable	(674,465)
		<u><u>2,112,110</u></u>

**Trading Receipts and Payments Account for the  
period 28 September 2012 to 27 March 2013**
**Appendix B**

	£
<b>Post appointment sales</b>	
Sales	3,528,242
Sale of raw materials	37,382
	<u>3,565,624</u>
<b>Trading expenditure</b>	
Purchases	1,367,163
Indirect labour	33,482
Wages and salaries	318,803
PAYE and National Insurance	127,986
Pension contributions	11,324
Employee benefits	8,086
Employee expenses	3,838
Rents	178,495
Rates	56,566
Utilities	116,048
Telephone	4,097
Deductions applied to sales	127,921
Insurance	32,589
Professional fees	12,000
Hire of equipment	37,052
Repairs and maintenance	4,183
Haulier/courier costs	227,434
Stationery	287
Retention of title costs	98,022
InterGest fees*	
Book debt collection / accounting fees	20,625
Payroll agent fees	1,548
Disbursements	140
IT costs	13,867
Ransom costs	104,582
Quality compliance costs	18,954
Security costs	26,143
Bank charges	125
	<u>(2,951,360)</u>
<b>Trading surplus</b>	<u><u>614,264</u></u>

# Time Analysis for the period 28 September 2012 to 27 March 2013

## Appendix C

	Employee grade (hours)				£		
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
<b>Administration and planning</b>							
Planning	-	2.0	1.0	6.6	9.6	2,035.00	212
Strategy and control	51.5	17.7	34.4	20.7	124.3	46,246.50	372
Statutory duties	1.4	8.5	4.5	5.8	20.2	6,364.50	315
Case administration	18.4	6.0	10.4	13.4	48.2	16,519.00	343
Accounting and treasury	8.4	5.2	3.7	22.8	40.1	10,144.50	253
Travel and waiting time	11.0	2.0	31.4	26.6	71.0	20,532.00	289
Internal documentation	0.1	4.0	6.5	17.1	27.7	6,072.50	219
<b>Investigations</b>							
Director conduct reports	0.5	1.0	2.0	7.6	11.1	2,447.50	220
Other investigations	2.9	3.0	-	-	5.9	2,605.00	442
Internal documentation	-	-	0.3	-	0.3	91.50	305
<b>Realisation of assets - fixed charge</b>							
Asset realisation strategy	59.7	33.0	6.8	5.7	105.2	44,416.50	422
Asset identification and valuation	-	-	0.5	6.3	6.8	1,097.50	161
Sale of assets	34.2	28.0	9.3	88.0	159.5	43,661.50	274
Recovery of assets	-	45.8	0.8	-	46.6	17,170.00	368
Dealing with third party assets	-	-	2.2	5.2	7.4	1,451.00	196
Asset accounting and administration	0.1	5.0	2.9	10.0	18.0	4,249.50	236
<b>Realisation of assets - debtors</b>							
Debt collection	24.7	1.5	-	20.2	46.4	15,385.00	332
Debtor litigation	-	-	1.6	-	1.6	488.00	305
Internal and external documentation	-	-	65.2	5.8	71.0	20,756.00	292
<b>Realisation of assets - floating charge</b>							
Asset realisation strategy	9.7	4.0	2.6	5.3	21.6	7,560.50	350
Asset identification and valuation	-	-	8.0	50.6	58.6	9,880.00	169
Sale of assets	36.6	14.0	31.3	22.7	104.6	34,601.50	331
Recovery of assets	-	6.0	15.1	2.0	23.1	6,795.50	294
Dealing with third party assets	-	3.0	184.1	144.2	331.3	78,890.50	238
Asset accounting and administration	1.0	-	6.6	17.4	25.0	5,198.00	208
<b>Trading</b>							
Trading strategy	66.2	74.5	239.9	7.1	387.7	131,569.50	339
Trading activities	23.4	152.3	344.3	256.0	776.0	208,730.00	269
Accounting and administration	9.7	46.5	7.3	216.7	280.2	53,335.50	190
<b>Creditors</b>							
Creditor claims	1.0	2.0	0.3	2.2	5.5	1,736.50	316
Creditor litigation	-	4.0	-	2.5	6.5	1,855.00	285
Creditor strategy	-	0.5	-	0.5	1.0	280.00	280
Reporting to creditors	2.7	14.8	29.9	4.3	51.7	16,695.00	323
Creditor meetings	-	0.7	-	-	0.7	287.00	410
Secured creditors	28.3	12.0	23.5	-	63.8	26,805.00	420
Unsecured creditors	1.9	0.1	1.7	31.9	35.6	6,195.50	174
Employees	-	4.1	13.5	41.5	59.1	12,015.50	203
<b>Totals</b>	<b>393.4</b>	<b>501.2</b>	<b>1,091.6</b>	<b>1,066.7</b>	<b>3,052.9</b>	<b>864,163.50</b>	<b>283</b>

## Additional information in relation to the Joint Administrators' remuneration pursuant to Statement of Insolvency Practice 9

## Appendix D

### 1 Policy

Detailed below is Zolfo Cooper's policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements

#### 1.1 Staff allocation and the use of sub-contractors

The Joint Administrators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The case team will usually consist of a partner, a senior associate, an associate and an analyst. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Joint Administrators' charge-out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, time spent by treasury in relation to specific tasks on an assignment is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The following services are being provided on this assignment by external sub-contractors.

Service type	Service provider	Basis of fee arrangement	Cost to date £
Employee claim processing	Insol Group	Rate per employee	2,040

#### 1.2 Professional advisors

On this assignment the Joint Administrators have used the professional advisors listed below. The Joint Administrators have also indicated the basis of their fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
Squire Sanders (UK) LLP (legal advice)	Hourly rate and disbursements
Mills & Reeve LLP (legal advice)	Hourly rate and disbursements
Pinsent Masons LLP (legal advice)	Hourly rate and disbursements
Addleshaw Goddard LLP (debt collection)	Hourly rate and disbursements
InterGest UK Limited (debt collection / payroll agents)	Fixed fee
Willis Limited (insurance)	Risk based premium
Bluefin Group Limited (insurance)	Risk based premium
Sanderson Weatherall LLP (valuation and disposal advice)	Hourly rate and disbursements

The Joint Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them.

### 1.3 Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Any properly reimbursed expenses incurred by the Joint Administrators and their staff will also be chargeable.

Category 2 disbursements do require prior approval by creditors before they are paid. If they are incurred, they will be drawn in accordance with the resolution approved by creditors. Category 2 disbursements that may be incurred are as follows

- Photocopying - charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying.
- Printing - charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour.
- Business mileage for staff travel - charged at the rate of 45 pence per mile.

## 2 Charge-out rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 April 2013 is detailed below, together with those applicable prior to that date. Time is charged by partners and case staff in units of six minutes.

Rates from 1 April 2013		Rates pre 1 April 2013	
Description	£	Description	£
Partner 1*	595	Partner 1*	575
Partner 2*	540	Partner 2*	520
Director	470	Director	450
Associate director*	430	Senior associate 1*	410
Senior associate	390	Senior associate 2*	370
Associate	320	Associate	305
Analyst	280	Analyst	280
Junior analyst	160	Junior analyst	150
Senior treasury associate	230	Senior treasury associate	220
Treasury associate	155	Treasury associate	150
Treasury analyst	100	Treasury analyst	95
Support	84	Support	80

\*Key

Partner 1 - partners with three or more years' experience at partner level

Partner 2 - partners with fewer than three years' experience at partner level

Promotion from senior associate to associate director from 1 April 2013 is on the basis of performance and experience. Prior to that, the distinction from senior associate 2 to senior associate 1 was made for staff with two or more years' experience at senior associate level