

**2.24B**

The Insolvency Act 1986

**Administrator's progress report**

Name of Company
LM Logistics Group Limited

Company number
07053810

In the High Court of Justice
(full name of court)

Court case number
6426 of 2010

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

We  
Kenneth William Touhey  
Chantrey Vellacott DFK LLP  
16/17 Boundary Road  
Hove  
East Sussex  
BN3 4AN

David John Oprey  
Chantrey Vellacott DFK LLP  
16/17 Boundary Road  
Hove  
East Sussex  
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Lee Michael De'ath  
Chantrey Vellacott DFK  
Town Hall House  
Balkerne Hill  
Colchester, Essex  
CO3 3AD

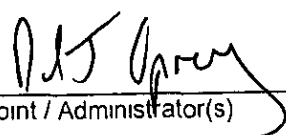
administrator(s) of the above company attach a progress report for the period

(b) Insert date

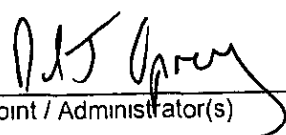
From
(b) 6 February 2011

To
(b) 5 August 2011

Signed

  
 Joint / Administrator(s)

Dated

  
 16/8/11
**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

David John Oprey  
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THURSDAY



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A11

18/08/2011

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COMPANIES HOUSE

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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

**IN THE HIGH COURT  
CHANCERY DIVISION**

**No 6426 of 2010**

**IN THE MATTER OF  
L M LOGISTICS GROUP LIMITED - IN ADMINISTRATION  
("THE COMPANY")**

**REPORT OF THE JOINT ADMINISTRATORS  
PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986**

**Chantrey Vellacott DFK LLP**

**16/17 Boundary Road  
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# **L M LOGISTICS GROUP LIMITED - IN ADMINISTRATION**

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# **LM LOGISTICS GROUP LIMITED – IN ADMINISTRATION (“the Company”)**

## **JOINT ADMINISTRATORS’ PROGRESS REPORT**

**FOR THE PERIOD 6 FEBRUARY 2011 TO 5 AUGUST 2011**

### **1. Introduction**

Further to the above matter and in accordance with Rule 2 47 of the Insolvency Rules 1986, the Joint Administrators are pleased to submit a further report on the progress of the Administration

Statutory information regarding the Company is attached at Appendix A

The Joint Administrators’ previous progress report detailed that the business had traded for a period of approximately five weeks in order to sell the business and protect the major asset of the Company, being its book debt ledger. A sale of the warehousing and freight forwarding aspects of the business was achieved on 8 September 2010 to Denholm Forwarding Limited (“Denholm”)

The purpose of this report is twofold, firstly to provide an update on the progress of the Administration and secondly to advise creditors that the period of the Administration has been extended for a further six months from 5 August 2011 to 5 February 2012 with the consent of the secured creditors

The rationale for requesting an extension to the Administration is detailed later in the report at Section 7

### **2. Asset Realisations**

The following sections (2 1 to 2 4) below should be read in conjunction with the Estimated Outcome Statement (“EOS”) at Appendix B

#### **2.1 Book Debt Ledger Collections**

As at 5 February 2011 (the period covered by the last report), the recovery of the pre and post administration debtor ledgers could be summarised as follows

<b>Collections as at 05/02/11 £</b>	<b>Future Expected Collections £</b>	<b>Total Expected Collections £</b>
<b>2,031,401</b>	<b>71,042</b>	<b>2,102,433</b>

The position as at 5 August 2011 can be summarised as follows

<b>Collections as at 05/08/11 £</b>	<b>Future Expected Collections £</b>	<b>Total Expected Collections £</b>
<b>2,138,381</b>	<b>42,749</b>	<b>2,181,130</b>

By reference to the figures above, it can be seen that collections during the period 6 February 2011 to 5 August 2011 totalled £106,980, bringing the total amount collected to £2,138,381

Of the £2,138,381 received to 5 August 2011, the Joint Administrators have received debtor receipts of £48,064 direct. This is with the agreement of Close Invoice Finance Limited ("Close") who have informally reassigned the ledger back to the Company.

The Joint Administrators are anticipating collecting a further £42,749 in respect of the debtor book. In order to achieve this, the Joint Administrators have appointed the legal firm, Squire, Sanders & Dempsey (UK) LLP to collect the debts on a commission basis. You will note from the EOS that we are anticipating further legal costs of £9,526. This figure represents the anticipated legal costs for the collection of the book debt ledger and the payment of an outstanding invoice totalling £519 for miscellaneous legal advice.

## **2.2 Leased Motor Vehicles**

The Joint Administrators have received confirmation from State Securities Plc, that after the sale of the vehicles subject to their lease agreements, they suffered a shortfall. Similar confirmation has been requested from Close Asset Finance Limited and their response is awaited.

## **2.3 Unencumbered Assets**

The consideration received for all of the Company's unencumbered assets totalled £42,109. These funds were received before the period of this report.

There are no further expected realisations from this class of asset.

## **2.4 Miscellaneous other assets**

The EOS records that vehicle tax refunds realised £1,634, petty cash of £583 was recovered, and Bank Interest of £86 has been received, £72 of which was received during the period covered by this report.

## **3. Trading**

As stated above, the Joint Administrators traded the business between the date of appointment (6 August 2010) and the date of sale to Denholm (8 September 2010).

Attached at Appendix C is a trading, income and expenditure account. This account has been prepared on a cash basis and details the expenses paid to date to settle costs incurred in relation to trading, split between the period between 6 August 2010 to 5 February 2011 and the period between 6 February 2011 and 5 August 2011. As shown on that account, trading was funded by Close who, as at 5 August 2011 had provided funds of £810,000 for that purpose.

You will note from the trading account, that the Joint Administrators held a balance in hand of £365,782 as at 5 August 2011. These funds will be used to pay trading expenses not yet paid and any amounts not used will be returned to Close.

#### 4. Costs of the Administration

##### 4.1 Authority for remuneration

At a meeting of creditors held on 14 October 2010, the Joint Administrators' remuneration and 'Category 2' disbursements were approved. It was resolved that -

- 1 That the Joint Administrators' fees be calculated by reference to their time costs already incurred up to 27 September 2010 and thereafter and that they have sanction to draw their remuneration on a time costs basis from the estate as and when funds permit. Their disbursements may also be drawn in accordance with Chantrey Vellacott DFK's standard procedures as appended to the report dated 28 September 2010
- 2 That Chantrey Vellacott DFK's pre-appointment fees in the sum of £9,686 be approved and paid as an expense of the Administration

##### 4.2 Summary of time costs and remuneration drawn

A tabulation of total time spent, analysed by grade of staff, is attached with this report at Appendix D

The Joint Administrators total time costs up to 5 August 2011 are evaluated at £550,933, representing 2,255 hours, equating to an average hourly rate of £244. Incurred disbursements total £12,385 (including Category 2 disbursements). For the purposes of the EOS the Joint Administrators have included their remuneration at £570,000.

The time incurred during the period of this report is evaluated at £74,247 representing 330 hours, equating to an average hourly rate of £225. Incurred disbursements during the period of this report totalled £1,213 (including Category 2 disbursements).

The work carried out by the Joint Administrators is derived from the responsibilities placed upon us by the underlying legal and regulatory framework for work of this nature. It has been performed by the Joint Administrators, by the assignment managers and administrators. Their work has been supported by secretarial staff and the cashiers. All personnel were charged directly to the assignment for all of the time relating to the case.

As at 5 August 2011, the Joint Administrators had drawn fees of £450,000 plus VAT and £12,385 plus VAT in respect of disbursements. Out of the £450,000 paid in respect of the Joint Administrators' fees, £200,000 was drawn during the period of this report. The disbursements of £12,385 were also paid during the period of this report.

The fees paid have been drawn from book debt realisations with the consent of the secured creditor, Close. For the presentation in the EOS, we have shown fees totalling £412,500 from the book debt realisations and fees totalling £157,500 from asset realisations subject to the floating charges.

In accordance with the Statement of Insolvency Practice 9, an explanation of Chantrey Vellacott DFK's charging and disbursement recovery policies is enclosed at Appendix E.

A Creditors' Guide to Administrators' Fees, which provides information for creditors in relation to the remuneration of an Administrator, can be accessed at the website of the Association of Business Recovery Professionals at [www.r3.org.uk](http://www.r3.org.uk). Alternatively, a copy can be provided on written request to this office.

I would draw your attention to Rule 2.48A and Rule 2.109 of the Insolvency Rules 1986, the text of which is reproduced at Appendix F. These Rules set out the circumstances under which creditors may request further information in relation to the Joint Administrators' remuneration and expenses and their right to challenge the Joint Administrators' remuneration and expenses.

#### 4.3 Other Costs

The Joint Administrators have instructed professionals to assist in areas where their specialist knowledge has been required.

Since my last report the following non-trading payments have been made:

- £3,324 in respect of Debt Collection Fees to certain members of the Company's finance team who were kept on to assist with the book debt collection process. The total amount paid in this respect was £6,522 and no further sums are outstanding.
- £189 for Legal Fees. The total amount paid in respect of legal fees as at 5 August 2011 was £18,127. In addition, there is currently an unpaid invoice of £519 plus VAT in respect of legal advice which will need to be settled. There are no further sums outstanding.
- £21,541 in respect of Insurance. There are no further sums outstanding.
- £98 in respect of courier fees. There are no further sums outstanding.
- £53 in respect of storage costs. There are no further sums outstanding.

#### 5. Outcome for Creditors

By reference to the EOS the Joint Administrators anticipate the following outcomes for each class of creditor:

- The secured creditor Close is expected to suffer a shortfall of their indebtedness based on the assumption that they agree to the costs of the Administration.
- The secured creditor Merchant Corporate Recovery Plc ("Merchant") will not receive a distribution in the Administration.
- The preferential creditors will not receive a distribution in the Administration.
- The unsecured creditors will not receive a distribution in the Administration.
- There is no expected dividend for creditors via the Prescribed Part.

## 6. Investigations

As stated in the previous report the Joint Administrators have complied with their statutory duty in relation to the Directors' Conduct Report which has been submitted to the Insolvency Service, in accordance with the Company Directors Disqualification Act 1986

Notwithstanding this, if creditors still have any information they believe should be brought to the Joint Administrators' attention, please send such details in writing

## 7. Rationale for the extension of the Administration and expected Exit Strategy

As the Joint Administrators remain of the opinion that there is no expected dividend for unsecured creditors, it is anticipated that the Administration will be concluded by filing notice under Paragraph 84 of Schedule B1 of The Insolvency Act 1986 (This will result in the Company being dissolved three months after filing the requisite notice )

By statute the period of an administration is twelve months, unless extended by the creditors or the Court. At the time of sending out the Joint Administrators' proposals, it was envisaged that the twelve months to 5 August 2011 would have been sufficient time to deal with all matters arising

In May 2011, it became apparent that this time frame would not be enough to conclude the collection of the book debt ledger and the agreement of the final expenses of trading, including receiving clearance from HM Revenue & Customs in respect of the Company's tax affairs, resulting from trading and asset sales during the period of Administration

As the Joint Administrators' proposals stated that there was no expected distribution to either preferential creditors or unsecured creditors, it fell to the secured creditors, namely Close and Merchant to determine whether to grant consent for an extension of the term of the Administration for an additional six months

Consent was sought and duly received from the secured creditors, to the request for a six month extension and thus the period of the Administration has been extended for a six month period from 5 August 2011 to 5 February 2012

## 8. Conclusion

The Joint Administrators trust that the above report is self explanatory. However, if you would like any further information concerning any of the matters contained in this report please contact Vanessa Blackwell or David Preston at this office



D J OPREY

Joint Administrator

Authorised to act as Insolvency Practitioner in the UK by the Institute of Chartered Accountants of England and Wales

**STATUTORY INFORMATION**

**AND**

**FORM 2.24B – NOTICE OF JOINT ADMINISTRATORS'  
PROGRESS REPORT**

**LM Logistics Group Limited  
In Administration**

**Statutory Information**

Scheduled below are extracts concerning the Company obtained from the file at Companies House or from the Company -

**i) Directors**

The directors of the company are -

	Appointed	Resigned
Sherri Ellison	22/10/2009	20/11/2009
John Holmes	20/11/2009	11/03/2010
Anthony Barnes	23/11/2009	
Nicholas Lindsay	23/11/2009	
Philip Betts	23/11/2009	11/03/2010
Craig White	23/11/2009	04/03/2010
Philip Perkins	24/11/2009	11/03/2010

**ii) Company Secretary**

None listed

**iii) Shareholder Information (as advised by the Director)**

Issued Share Capital – 1000 ordinary shares at £1 per share

Merchant Corporate Recovery Plc	760
A G Barnes	145
N J Lindsay	55
G R Stanbridge	20
S P Rolfe	20

**iv) Registered Office**

The Registered Office of the Company is situated at -

16/17 Boundary Road, Hove, East Sussex BN3 4AN

Prior to the appointment of Administrators the Registered Office was -

7<sup>th</sup> Floor, Aldermay House, 10-15 Queen Street, London EC4N 1TX

**v) Company Number**

The Company's registered number is 07053810

**vi) Date of Incorporation**

The Company was incorporated on 22 October 2009

**vii) Court Proceedings**

High Court of Justice number 6426 of 2010

**viii) Other**

The proceedings constitute Main Proceedings as defined in Article 3 of the EC Regulations

ix) Statement for the purpose of paragraph 100(2) of Schedule B1 to the Insolvency Act

All functions, powers and duties of the Administrators may be exercised by either of them acting jointly and severally

x) Joint Administrators

Kenneth William Touhey and David John Oprey  
Chantrey Vellacott DFK LLP  
First Floor  
16/17 Boundary Road  
Hove  
East Sussex

Lee Michael Death  
Chantrey Vellacott DFK LLP  
Town Hall House  
Balkerne Hill  
Colchester  
Essex  
CO3 3AD

Date of appointment 6 August 2010

Details of Appointer Close Invoice Finance Limited - Creditor

xi) Summary of Outstanding Registered Charges and Debentures

1) Description Debenture

Person(s) Entitled Merchant Corporate Recovery Plc Status Outstanding

Created 19/11/2009

Registered 25/11/2009

2) Description Debenture

Person(s) Entitled Close Invoice Finance Limited Status Outstanding

Created 16/03/2010

Registered 18/03/2010

# LM Logistics Group Limited In Administration

Estimated Outcome Statement as at 5 August 2011

	Book Value £	Receipts & Payments to Date (net of VAT) £	Estimated Future Receipts & Payments (net of VAT) £	Estimated Total Receipts & Payments (net of VAT) £
<b>ASSETS SPECIFICALLY PLEDGED</b>				
Pre-Administration Book Debt Ledger	2 099 737	1 757 086		1 757 086
Post Administration Book Debt Ledger	383 641	288 059		288 059
VAT element of post sales credit notes raised in respect of duplicate invoices	(100 443)	47 172		47 172
Book debts held by SSD		48 064	3 578	3 578
Book debts paid direct to CV			39 171	39 171
Cash advance from Close		1 210 000		1 210 000
	<u>2 376 935</u>	<u>3 348 381</u>	<u>42 749</u>	<u>3 391 130</u>
<b>Costs of Administration</b>				
Joint Administrators' Fees		(412 500)		(412 500)
Joint Administrators' Disbursements		(12 385)		(12 385)
Other Costs/Debt collection fees		(6 522)	-	(6 522)
Legal Fees		(18 127)	(9 528)	(27 655)
		<u>2 898 847</u>	<u>31 223</u>	<u>2 930 070</u>
Funds available for Close Invoice Finance Limited				
Less Close Invoice Finance Limited	(1 231 404)			
Additional fees	(28 614)			
Further advances	(1 210 000)			
	<u>(2 470 018)</u>	<u>(2 090 317)</u>	<u>(379 701)</u>	<u>(2 470 018)</u>
Surplus/(Deficiency) re Close Invoice Finance Limited	<u>(2 285 903)</u>	<u>808 530</u>	<u>(346 478)</u>	<u>462 052</u>
Leased Motor Vehicles	980 718			
Amounts due to Finance Companies	(89 131)			
	<u>891 587</u>			
<b>ASSETS NOT SPECIFICALLY PLEDGED</b>				
Unencumbered Plant & Machinery and Office Equipment	9 750	5 619		5 619
Sale of Business		10 000		10 000
Unencumbered Motor Vehicles		26 400		26 400
DVLA Tax discs refunds		1 634		1 634
Prepayments	809 257	583		583
Petty Cash	583	86	Uncertain	86
Bank Interest		44 322		44 322
	<u>809 257</u>	<u>44 322</u>		<u>44 322</u>
<b>Floating Charge Funds Available for the costs of the Administration</b>				
<b>Costs of Administration</b>				
Joint Administrators' Fees		(37 500)	(120 000)	(157 500)
Agents' Fees		(8 589)		(8 589)
Trading Expenses		(444 623)	(88 742)	(533 365)
Accountancy Fees		(750)		(750)
Statutory Advertising		(357)		(357)
Other Costs		(21 541)		(21 541)
Duress Payment relating to book debt recoveries		(17 350)		(17 350)
VAT on post appointment sales		(49 474)		(49 474)
Specific Bond		(1 056)		(1 056)
Postal Redirection		(78)		(78)
Counter		(98)		(98)
Storage Costs		(53)		(53)
VAT Payable		(22,703)	22 703	
		<u>(604 171)</u>	<u>(166 039)</u>	<u>(770 210)</u>
Estimated Deficiency		<u>(559 848)</u>	<u>(166 039)</u>	<u>(725 887)</u>
Surplus funds from Close to/down		808 530	(346 478)	462 052
Estimated Deficiency to Close		<u>248 682</u>	<u>(512 517)</u>	<u>(263 835)</u>
<b>PREFERENTIAL CREDITORS</b>				
Employee claims (wages holiday pension arrears)				(130 823)
Not properly available for prescribed part				(394 658)
Estimated prescribed part for unsecured creditors				N/A
Surplus/(Deficiency) available to Floating charge creditors				(394 658)
Merchant Corporate Recovery Plc				(681 000)
Surplus/(Deficiency) available to Unsecured Creditors				(1 055 658)
Estimated prescribed part for unsecured creditors				N/A
Total Estimated funds available for unsecured creditors				(1 055 658)
<b>UNSECURED CREDITORS</b>				
Trade & Expense		(1 193 339)		
HMRC-Vat Arrears		(172 552)		
HMRC-PAYE		(515 880)		
Employee Claims		(407 748)		
		<u>(2 349 499)</u>		
Surplus/(Deficiency) as regards creditors				(3 405 157)
Issued and Called up Share Capital				(100)
Surplus/(Deficiency) as regards Members				<u>(3 405 257)</u>

**APPENDIX C**

**RECEIPTS AND PAYMENTS ACCOUNT TO 5 AUGUST 2011**

**AND**

**TRADING ACCOUNT TO 5 AUGUST 2011**

**LM LOGISTICS GROUP LIMITED  
IN ADMINISTRATION**

**RECEIPTS AND PAYMENTS ACCOUNT  
FOR THE PERIOD 6 AUGUST 2010 TO 5 AUGUST 2011**

	6 August 2010 to 5 February 2011	6 February 2011 to 5 August 2011	Total £
<b>RECEIPTS</b>			
Cash advance from Close	400,000	-	400,000
Pre-Administration Book Debts	2,031,401	58,916	2,090,317
Book Debts paid to Chantrey Vellacott DFK	-	48,064	48,064
Motor Vehicles	26,400	-	26,400
Chattels assets sold on Sale of Business	10,000	-	10,000
Remaining Chattel Assets	5,619	-	5,619
Tax Disc refunds	1,634	-	1,634
Petty Cash	179	-	179
Interest	14	72	86
Current Cash Surplus from Trading (see Trading Account)	281,054	84,728	365,782
	<u>2,756,301</u>	<u>191,780</u>	<u>2,948,081</u>
<b>PAYMENTS</b>			
Administrators' Fees	250,000	200,000	450,000
Administrators' Disbursements	-	12,385	12,385
Legal Fees	17,938	189	18,127
Agents Fees	8,589	-	8,589
Insurance	-	21,541	21,541
Accountancy fees	750	-	750
Duress Payments relating to Book debt recoveries	17,350	-	17,350
Debt Collection fees	3,198	3,324	6,522
Specific Bond	1,056	-	1,056
Postal Redirection	78	-	78
Courier	-	98	98
Storage Costs	-	53	53
Statutory Advertising	357	-	357
VAT on post appointment sales	-	49,474	49,474
	<u>(299,316)</u>	<u>(287,064)</u>	<u>(586,380)</u>
<b>DISTRIBUTIONS</b>			
Close Invoice Finance Limited	(2,031,401)	(58,916)	(2,090,317)
Balances in Hand	<u>425,584</u>	<u>(154,200)</u>	<u>271,384</u>
Cash at Bank			248,681
VAT Refundable			<u>22,703</u>
			<u>271,384</u>

**Notes**

The book debts of the Company are subject to an Invoice Discounting Agreement with Close Invoice Finance Limited ("Close"). Receipts are paid direct to Close and thus the above account records that all money received has been utilised to reduce Close's indebtedness.

**TRADING RECEIPTS AND PAYMENTS ACCOUNT  
FOR THE PERIOD 6 AUGUST 2010 TO 5 AUGUST 2011**

RECEIPTS	6 August 2010 to 5 February 2011	6 February 2011 to 5 August 2011	Total £
Petty Cash Used for Trading	404	-	404
Funds advanced from Close Invoice Finance Limited	<u>660,000</u>	<u>150,000</u>	<u>810,000</u>
	660 404	150 000	810 404
<b>PAYMENTS</b>			
Net Wages and payments to self employees	123 457	-	123 457
PAYE & NIC	-	45,184	45,184
Pension Contributions	-	6 071	6,071
Security costs	13 706	-	13,706
Warehouse equipment rental	41,790	9,030	50 820
Fumigation	2,519	-	2,519
Vehicle Management	60,666	-	60,666
Rent	66 718	-	66,718
Gas and Oil	3,472	(1,164)	2,308
Freightforwarding costs (international freight/port handing costs)	14 041	-	14,041
Hauliers	34 926	3,000	37,926
Port fees	5 460	-	5,460
Insurance	1,040	-	1,040
Telephone	-	1,119	1 119
IT System costs	4,912	2,107	7 019
Postage & Couriers	3,707	-	3,707
Sundry Expenses	1 899	-	1,899
Bank charges	962	-	962
	<u>379,275</u>	<u>65 347</u>	<u>444 622</u>
Balance in Hand	281,129	84 653	365 782

**Note**

Please note that the above trading account has been prepared on a cash basis without regard to debts not collected and liabilities not settled and thus does not at present provide a full account of trading

The trading account to 5 February 2011 has been restated due to a reallocation of certain costs

LM LOGISTICS GROUP LIMITED - ADM - LML028800

Time and Chargeout Summary for the period 06/08/2010 to 05/08/2011							
Classification of work function	Hours				Total Hours	Time Cost £	Average hourly rate £
	Partner	Manager	Other Senior Professionals	Assistants & Support Staff			
<b>Administration &amp; Planning</b>							
(A)Appointment Documents	0 00	0 50	0 00	0 00	0 50	115 00	230 00
(A)Appointment Meetings	0 00	0 60	0 00	0 00	0 60	138 00	230 00
(A)Case Reviews	6 70	26 00	8 30	0 00	41 00	11,224 50	273 77
(A)Cashing	0 00	1 10	3 10	9 40	13 60	2,045 00	150 37
(A)General Administration	74 30	90 90	59 80	26 90	251 90	64,465 50	285 92
(A)General advice/meetings	9 00	0 00	0 00	0 00	9 00	3,150 00	350 00
(A)Money Laundering & ethics	1 00	0 00	0 40	0 00	1 40	408 00	291 43
(A)Pension Matters	0 00	0 00	7 70	0 00	7 70	1,116 50	145 00
(A)Statutory Filing, advertising &	0 50	4 10	2 20	0 00	6 80	1 390 00	204 41
BB02-General Advice	35 10	0 20	0 00	0 00	35 30	15 140 00	428 90
BD05-Statutory Advertising	0 00	0 50	0 00	0 00	0 50	115 00	230 00
BE04-Filing	0 00	2 00	1 90	0 00	3 90	835 00	214 10
BE05-Typing	0 00	0 00	0 00	7 30	7 30	730 00	100 00
BF03-Director/Debtor correspondence	0 30	3 40	0 00	10 60	14 30	1,989 00	139 09
BF09-Director/Debtor General	0 00	1 00	4 40	0 00	5 40	656 00	121 48
BT01-Bank Reconciliation	0 00	0 00	0 00	2 80	2 80	413 00	147 50
BT03-Bank Correspondence	0 00	0 00	0 00	0 80	0 80	120 00	150 00
BT05-R&Ps	0 00	0 00	0 00	2 30	2 30	345 00	150 00
BT07-Payments	0 80	0 20	1 50	34 10	36 60	5,435 00	148 50
BT08-Receipts	0 00	0 00	0 00	25 10	25 10	3,730 00	148 61
<b>Total for Administration &amp; Planning</b>	<b>127 70</b>	<b>130 50</b>	<b>89 30</b>	<b>119 30</b>	<b>466 80</b>	<b>113,560 50</b>	<b>243 27</b>
<b>Investigations</b>							
(I)D Conduct reports/returns	0 50	7 40	0 50	0 00	8 40	1,949 50	232 08
D Conduct reports/returns	0 00	7 20	0 00	1 00	8 20	1,756 00	214 15
<b>Total for Investigations</b>	<b>0 50</b>	<b>14 60</b>	<b>0 50</b>	<b>1 00</b>	<b>16 60</b>	<b>3,705 50</b>	<b>223 22</b>
<b>Realisation of Assets</b>							
(R)3rd Party Assets/ROT	0 00	6 80	11 80	0 40	19 00	4,446 00	234 00
(R)Agents & Valuations	0 00	3 10	0 00	0 00	3 10	793 00	255 81
(R)Book Debts	0 80	74 40	11 60	0 20	87 00	19 122 00	219 79
(R)Cash at Bank	0 00	0 00	0 70	0 00	0 70	66 50	95 00
(R)Insurance	0 30	9 80	11 40	0 20	21 70	4 723 00	217 65
(R)Motor Vehicles	0 50	1 00	10 10	0 00	11 60	1,917 50	185 30
(R)Other Assets	0 00	2 50	0 40	0 00	2 90	705 00	243 10
(R)Property	7 00	0 70	0 00	0 00	7 70	2,651 00	344 29
(R)Sales of Business	27 00	19 90	1 10	0 00	48 00	14,858 50	309 55
BI13-F&F Freehold/Leasehold property	4 50	2 70	0 00	0 00	7 20	2 196 00	305 00
BI14-F&F Cash at Bank	0 00	0 10	0 00	0 00	0 10	23 00	230 00
BI16-F&F Motor Vehicles	0 50	3 20	6 10	0 00	9 80	2 017 50	205 87
BI19-F&F Debt Collection	3 00	57 30	3 50	0 20	64 00	16,472 50	257 38
BI20-Sales of Business (post)	13 70	0 60	0 00	0 00	14 30	5,077 00	355 03
<b>Total for Realisation of Assets</b>	<b>57 30</b>	<b>182 10</b>	<b>56 70</b>	<b>1 00</b>	<b>297 10</b>	<b>75,068 50</b>	<b>252 67</b>
<b>Creditors</b>							
(C)Claims & Proofs	0 00	1 20	5 50	0 00	6 70	1,026 50	153 21
(C)Correspondence	0 70	12 50	3 60	0 40	17 20	3 764 50	218 87
(C)Employees claims & dividends	0 00	0 90	9 60	0 00	10 50	1,554 00	148 00
(C)Factoring/ID Agreements	1 00	0 00	0 00	0 00	1 00	350 00	350 00
(C)HP/Leasing Agreements	0 00	1 00	0 00	0 00	1 00	230 00	230 00
(C)Meetings	3 20	5 30	0 30	0 00	8 80	2,406 50	273 47
(C)Pension Creditors	0 00	0 20	2 90	0 00	3 10	482 50	155 65
(C)Preferential claims & proofs	0 00	0 00	0 40	0 00	0 40	58 00	145 00
(C)Preferential Creditors	0 00	0 00	2 10	0 00	2 10	304 50	145 00

(C)Reports & Circulars	6 50	43 90	0 00	16 00	66 40	16 252 00	244 76
(C)Sec Claims & Proofs	0 00	0 20	0 00	0 00	0 20	46 00	230 00
(C)Sec Correspondence	2 80	8 20	0 90	0 00	11 90	3 002 50	252 31
(C)Sec Reports & Circulars	22 40	81 90	0 00	0 00	104 30	31 144 00	298 60
BP02-ERA Claims	0 50	20 80	0 50	0 00	21 80	5,596 00	256 70
BP03-Employee Non Pref Claims	0 00	0 10	0 60	0 00	0 70	114 00	162 86
BP06-Employee Correspondence	0 30	6 40	3 10	0 20	10 00	2,046 50	204 65
BQ04-Unsecured Creditors Proxies	0 00	0 00	0 90	0 40	1 30	170 50	131 15
BQ05-Unsecured Working Papers	0 00	0 00	1 60	0 00	1 60	232 00	145 00
<b>Total for Creditors</b>	<b>37 40</b>	<b>182 60</b>	<b>32 00</b>	<b>17 00</b>	<b>269 00</b>	<b>68,780 00</b>	<b>255 69</b>
<b>Trading</b>							
(T)Accounting & Financial	7 80	98 50	5 90	0 60	112 80	27 132 50	240 54
(T)Employees (Trading)	8 50	28 10	12 10	1 90	50 60	13,010 00	257 11
(T)Management of operations	111 20	569 50	268 50	0 90	950 10	227 447 50	239 39
(T)Purchases	0 00	22 40	4 00	0 20	26 60	7,448 00	280 00
(T)Sales	0 00	1 70	0 00	0 00	1 70	527 00	310 00
<b>Total for Trading</b>	<b>127 50</b>	<b>720 20</b>	<b>290 50</b>	<b>3 60</b>	<b>1,141 80</b>	<b>275,565 00</b>	<b>241 34</b>
<b>Case Specific Matters</b>							
(CS)Legal Matters (non invest)	0 00	1 00	0 20	0 00	1 20	259 00	215 83
(CS)Other Special Issues	0 00	1 60	0 00	0 00	1 60	368 00	230 00
(CS)Post appointment tax returns	0 00	1 80	1 00	3 10	5 90	1,076 50	182 46
(CS)Pre Appointment Taxation	0 00	0 50	0 00	0 00	0 50	115 00	230 00
BH01-Legal Matters (non investigation)	2 00	0 10	0 00	0 00	2 10	731 00	348 10
BJ02-Pre Appt VAT	0 00	5 60	0 00	0 20	5 80	1,308 00	225 52
BJ03-Post Appt PAYE/NIC	0 50	1 10	3 40	0 00	5 00	1 001 00	200 20
BJ06-Other Tax Matters	0 00	0 10	0 80	0 00	0 90	147 00	163 33
BS03-Case Specific Matters	0 00	15 20	0 00	0 00	15 20	3,096 00	203 68
<b>Total for Case Specific Matters</b>	<b>2 50</b>	<b>27 00</b>	<b>5 40</b>	<b>3 30</b>	<b>38 20</b>	<b>8,101 50</b>	<b>212 08</b>
<b>Shareholdings</b>							
(S)Claims & Proofs	0 00	0 30	0 00	0 00	0 30	69 00	230 00
(S)Correspondence	0 00	0 70	0 00	0 40	1 10	201 00	182 73
(S)Reports and Circulars	0 50	5 20	0 00	0 00	5 70	1 555 00	272 81
<b>Total for Shareholdings</b>	<b>0 50</b>	<b>6 20</b>	<b>0 00</b>	<b>0 40</b>	<b>7 10</b>	<b>1,825 00</b>	<b>257 04</b>
<b>Fixed Charge Matters</b>							
(F)Book Debts	2 30	3 10	3 10	0 00	8 50	1,947 50	229 12
(F)Claims & Proofs	0 00	0 20	0 90	0 00	1 10	180 50	164 09
(F)Correspondance	0 00	0 10	2 40	0 80	3 30	459 00	139 09
(F)HP/Leasing Agreements	0 00	0 10	0 00	0 00	0 10	27 00	270 00
(F)Property	1 00	0 00	0 30	0 00	1 30	393 50	302 69
(F)Reports & Circulars	3 20	0 50	0 00	0 00	3 70	1,319 00	356 49
<b>Total for Fixed Charge Matters</b>	<b>6 50</b>	<b>4 00</b>	<b>6 70</b>	<b>0 80</b>	<b>18 00</b>	<b>4,326 50</b>	<b>240 36</b>
<b>Total Hours</b>	<b>359 90</b>	<b>1,267 20</b>	<b>481 10</b>	<b>146 40</b>	<b>2,254 60</b>	<b>550,932 50</b>	<b>244 36</b>
<b>Total fees Claimed</b>	<b>134,373 00</b>	<b>325,008 00</b>	<b>73,426 50</b>	<b>18,125 00</b>	<b>550,932 50</b>		

<b>Category 2 Disbursements</b>		
Other amounts paid or payable to the office holder's firm or to any party in which the office holder or his firm or any associate has an interest		
Type and Purpose		£
Circulars Printing & Photocopying		3 805 22
Travel		3,520 63
Accommodation		3,214 31
Subsistence		1 449 78
Miscellaneous		395 10
<b>Totals</b>		<b>12,385 04</b>

## **APPENDIX E**

### **JOINT ADMINISTRATORS' CHARGE OUT RATES AND DISBURSEMENTS POLICY**

## CHANTREY VELLACOTT DFK LLP

### CHARGEOUT RATES AND DISBURSEMENT RECOVERY POLICIES

#### Chargeout Rates

In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9") the firm's chargeout rates applicable to this appointment, exclusive of VAT, are as follows

	From 1 August 2010 £ per hour	From 1 July 2009 £ per hour
Partners / Office Holders	350 - 430	350 - 430
Directors	320 - 330	310 - 320
Senior Manager	270 - 310	260 - 300
Managers	280	260 - 300
Assistant Managers	230 - 260	220 - 250
Senior Administrators	175 - 250	165 - 240
Administrators	100 - 170	115 - 140
Assistant administrators	95 - 110	95 - 110
Cashier	115 - 150	110 - 145
Secretaries and office admin support	95 - 110	70 - 105

Chargeout rates are normally reviewed annually on 1 July when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance. It is the firm's policy for the cashier's time spent on an assignment to be charged to the case. However, secretarial and office admin support time is charged only in respect of identifiable blocks of time devoted to the case where we consider it to be viable to do so.

#### Direct expenses ("Category 1 Disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case will be charged to the estate at cost, with no uplift. These include but are not limited to such items as case advertising, storage, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case.

#### Indirect expenses ("Category 2 Disbursements")

It is our normal practice to also charge the following indirect disbursements ("Category 2 Disbursements as defined by SIP 9") to the case, where appropriate:

#### Circulars to creditors

Plain/headed paper including photocopying	12p per sheet
Envelopes	12p each
Postage	Actual cost

#### Room Hire

For the convenience of creditors and to save the cost of booking an outside hotel room, meetings of creditors are occasionally held internally at our offices. Where meetings of creditors are held in one of our internal meeting rooms, a charge of £100 plus VAT is levied to cover the cost of booking the room.

#### Travel

Mileage incurred as a result of any necessary travelling is charged to the estate at the H M Revenue & Customs approved rate, currently 40p per mile.

All of the above costs are subject to amendment by the firm at any time and if amended will be notified to creditors with the next circular sent to all creditors.

#### Company Searches

Included in expense and/or disbursements, Company Searches include an element of shared costs. Such expenses are of an incidental nature but are generally incurred on each case. In line with the cost of the external provision of such services, a charge of £10 plus VAT is levied to cover the cost of these searches.

#### Chantrey Vellacott DFK LLP

Effective 1 August 2010

Chantrey Vellacott DFK is a limited liability partnership registered in England and Wales (NoOC313147) whose registered office is at Russell Square House, 10-12 Russell Square, London, WC1B 5LF. The term "partner" denotes a member of a limited liability partnership. A list of members of Chantrey Vellacott DFK LLP is available at our registered office.

## **2.48A and 2.109 of The Insolvency Rules 1986**

### **2.48A Creditors' request for further information**

#### **2.48A(1) [Duty of Administrator] If-**

- (a) within 21 days of receipt of a progress report under Rule 2 47-
  - (i) a secured creditor, or
  - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
- (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor

makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)

#### **2.48A(2) [Compliance by administrator] The administrator complies with this paragraph by either—**

- (a) providing all of the information asked for, or
- (b) so far as the administrator considers that—
  - (i) the time or cost of preparation of the information would be excessive, or
  - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
  - (iii) the administrator is subject to an obligation of confidentiality in respect of the information,

giving reasons for not providing all of the information

#### **2 48A(3) [Application to court by creditor] Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—**

- (a) the giving by the administrator of reasons for not providing all of the information asked for, or
- (b) the expiry of the 14 days provided for in paragraph (1),

and the court may make such order as it thinks just

#### **2.48A(4) [Power of court to extend period] Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just**

## **2.109 Creditors' claim that remuneration is or other expenses are excessive**

**2 109(1) [Which creditors may apply to court]** Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)

**2.109(1A) [Grounds for application]** An application may be made on the grounds that—

- (a) the remuneration charged by the administrator,
- (b) the basis fixed for the administrator's remuneration under Rule 2 106,
- (c) expenses incurred by the administrator,

is or are in all the circumstances, excessive, or in the case of an application under sub-paragraph (b), inappropriate

**2.109(1B) [Time limit for application]** The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")

**2 109(2) [Power of court to dismiss etc]** The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

**2 109(3) [Notice to administrator]** The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it

**2.109(4) [Court order if application well-founded]** If the court considers the application to be well-founded, it must make one or more of the following orders—

- (a) an order reducing the amount of remuneration which the administrator was entitled to charge,
- (b) an order fixing the basis of remuneration at a reduced rate or amount,
- (c) an order changing the basis of remuneration,
- (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,
- (e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report

**2 109(5) [Costs of application]** Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration