

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company

Anglo Continental Property LLP

Company number

OC331081

In the

Manchester High court

[full name of court]

Court case number

664 of 2011

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

I/We (a) Tracey Lee Pye of BDO LLP 3 Hardman Street, Manchester, M3 3AT and James Stephen of BDO LLP 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX.

*Delete as applicable

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

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

(b) Insert date

(b) 23 May 2011

Signed

Joint/ Administrator(s)

Dated

23/5/11

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.

BDO LLP, 3 Hardman Street, Manchester,

M3 3AT

Our Ref 8/PPK/DRH/DNM/3075/C15

Tel 0161 817 7500

DX Number

DX Exchange

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

WEDNESDAY



A41

25/05/2011

208

COMPANIES HOUSE



Tel +44 (0)161 817 7500
Fax +44 (0)161 817 7683
DX 710256 Manchester 3
www.bdo.co.uk

3 Hardman Street
Manchester M3 3AT

Private and Confidential

TO ALL CREDITORS AND MEMBERS

23 May 2011

Our ref. **8/PPK/DRH/DNM/J3075/K8**

Please ask for: **David Muse**

Direct Dial **0161 817 7605**

Dear Sir(s)

Anglo Continental Property LLP - In Administration ("the Company")

I refer to the appointment of James Bernard Stephen and myself as Joint Administrators of the Company on 7 April 2011 and we now attach a statement to creditors pursuant to Rule 2.33 of the Insolvency Rules 1986, which incorporates a statement of proposals under Paragraph 49 of Schedule B1 of the Insolvency Act 1986.

The attached report sets out the work undertaken by the Administrators, incorporating details of my firm's policies regarding fees and disbursements and a summary recording the time spent on the Administration, together with a Creditors' Guide to Administrator's fees

The Joint Administrators do not intend to call an initial meeting of creditors because we do not anticipate that a dividend will be available to unsecured creditors. Creditors whose claims amount to more than 10% of the relevant Company's total debt can request that a meeting be called using form 2.21B. Form 2.21B is attached and if completed must be returned to this office by 6 June 2011 together with the enclosed proof of debt form

Yours faithfully
for and on behalf of
Anglo Continental Property LLP

mTracey Pye
Joint Administrator
Authorised by the Institute of Chartered Accountants in England & Wales

Enc

8/DNM/8/PPK/DRH/DNM/3047
g:\mbrscases\3000 3099\3075 (anglo continental property llp adm)\para 49\covering letter adm 601.doc



Creditor's request for a meeting

| | |
|---|---|
| Name of Company Anglo Continental Property LLP | Company number OC331081 |
| In the The High Court of Justice, Chancery Division, Manchester District Registry | Court case number 664 of 2011 |

(a) Insert full name and address of the creditor making the request

I (a) _____

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

request a meeting of the creditors of (b) _____

(c) Insert amount of claim

My claim in the administration is (c) _____

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

(d) _____

_____ concur with the above request, and I attach copies of their written confirmation of concurrence

The purpose of the meeting is (e) _____

(e) Insert details of the purpose of the meeting

Signed _____

Dated _____

INSOLVENCY RULES 1986 EXTRACT

Rule 2.38 - Entitlement to Vote

(1) Subject as follows, at a meeting of creditors in administration proceedings a person is entitled to vote only if -

(a) he has given to the administrator, not later than 12 00 hours on the business day before the day fixed for the meeting, details in writing of the debt which -

(i) he claims to be due to him from the company; or

(ii) in relation to a member State liquidator, is claimed to be due to creditors in proceedings in relation to which he holds office,

(b) the claim has been duly admitted under Rule 2.39 or this Rule, and

(c) there has been lodged with the administrator any proxy which he intends to be used on his behalf,

and details of the debt must include any calculation for the purposes of Rules 2.40 to 2.42

(2) The chairman of the meeting may allow a creditor to vote, notwithstanding that he has failed to comply with paragraph (1)(a), if satisfied that the failure was due to circumstances beyond the creditor's control

(3) The chairman of the meeting may call for any document or other evidence to be produced to him, where he thinks it necessary for the purpose of substantiating the whole or any part of the claim

(4) Votes are calculated according to the amount of a creditor's claim as at the date on which the company entered administration, less any payments that have been made to him after that date in respect of his claim and any adjustment by way of set-off in accordance with Rule 2.85 as if that Rule were applied on the date that the votes are counted

(5) A creditor shall not vote in respect of a debt for an unliquidated amount, or any debt whose value is not ascertained, except where the chairman agrees to put upon the debt an estimated minimum value for the purpose of entitlement to vote and admits the claim for that purpose.

(6) No vote shall be cast by virtue of a claim more than once on any resolution put to the meeting.

(7) Where -

(a) a creditor is entitled to vote under this Rule and Rule 2.39;

(b) has lodged his claim in one or more sets of other proceedings; and

(c) votes (either in person or by proxy) on a resolution put to the meeting, and

(d) the member State liquidator casts a vote in respect of the same claim,

only the creditor's vote shall be counted

(8) Where -

(a) a creditor has lodged his claim in more than one set of other proceedings; and

(b) more than one member State liquidator seeks to vote by virtue of that claim,
the entitlement to vote by virtue of that claim is exercisable by the member State liquidator in main proceedings, whether or not the creditor has lodged his claim in the main proceedings.

(9) For the purposes of paragraph (6), the claim of a creditor and of any member State liquidator in relation to the same debt are a single claim

(10) For the purposes of paragraphs (7) and (8), "other proceedings" means main proceedings, secondary proceedings or territorial proceedings in another member State

End extract Rule 2.38 - Entitlement to Vote

8/PPK/DRH/DNM/3047/C4

Anglo Continental Property LLP - In Administration ("the Company")

The Joint Administrators propose that

- (a) They continue to manage the Company's affairs and realise assets in accordance with the second and third objective of the Administration.
- (b) If there are sufficient funds to enable a dividend to be paid to unsecured creditors, they should arrange for the Company to exit the Administration via Creditors' Voluntary Liquidation pursuant to Paragraph 83 of Schedule B1 of the Insolvency Act 1986 and that Tracey Lee Pye & James Bernard Stephen will be Joint Liquidators and will act jointly and severally

NB. Under Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117(3) creditors may nominate different liquidators, but in the absence of such nomination the above named would become the liquidators.

- (c) If there are insufficient funds to enable a dividend to be paid to unsecured creditors, they should arrange for the Company to exit the Administration by way of dissolution pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986

A further resolution is put to the creditors

- (d) The Joint Administrators be discharged from liability under the Administration per Paragraph 98 of Schedule B1 of the Insolvency Act 1986, 28 days after the Joint Administrators' filing their final report and sending it to creditors

PROOF OF DEBT

In The High Court of Justice
Chancery Division
Companies Court

No 664 of 2011

Anglo Continental Property LLP
- In Administration -

Date of Administration 7 April 2011

- 1a Name of creditor
- 1b If Company - registered number
- 2 Address of creditor
- 3 Total claim including VAT and interest as at the date of the appointment of administrators £
(see overleaf)
- 4 Details of documents by which debt can be substantiated (please attach copy documents)
- 5 Amount of any interest included in claim £
- 6 Is the whole or part of the debt preferential? Yes / No
If so, state amount, and details £
See notes overleaf
- 7 Particulars of how and when debt incurred
- 8 Particulars and value of any security held and the date it was given
- 9 Details of any reservation of title in respect of goods to which the debt refer
- 10 Signature of creditor
or other authorised person
- Name in BLOCK LETTERS
- Creditor's reference:
- 11 Position or Relationship with Creditor
- 12 Address (if person signing is not the Creditor)

For Use of Administrator Only

13 Admitted to vote for £

Date

Joint Administrator

14 Admitted preferentially
for £

Date

Joint Administrator

Admitted non-preferentially
for £

Date

Joint Administrator

Guidance Notes re Preferential Debts:

The categories of preferential debts under S 386(1) of the Insolvency Act 1986 are as follows

- pension scheme contributions
- remuneration etc of employees
- Levies on Coal & Steel Productions.

VAT Bad Debt Relief

The provisions of the Finance Act, 1990, came into effect on 26 July, 1990, and introduced changes in the way that VAT on Bad Debts is recovered.

Your claim overleaf must be quoted inclusive of VAT. You may claim relief on your VAT return when the debt is at least six months old and has been written off. Any dividend you receive in respect of this claim will include payment in respect of the VAT element of your debt and you will be responsible for declaring such VAT to HM Revenue & Customs.



**Anglo Continental Property LLP
In Administration**

Statement to Creditors pursuant to Rule 2.33
of the Insolvency Rules 1986 and Statement of
Proposals under Paragraph 49 of Schedule B1
of the Insolvency Act 1986

8/DNM/8/PPK/DRH/DNM/3047/C6



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ANGLO CONTINENTAL PROPERTY LLP - IN ADMINISTRATION

Registered No. OC331081

Registered office situated at 3 Hardman Street, Spinningfields, Manchester, M3 3AT

**In the Manchester High court
664 of 2011**

1 Introduction

- 1.1 This report is addressed to the creditors of Anglo Continental Property LLP ("the Company") and incorporates the Joint Administrators' proposals. The objective in paragraph 3(1)(a) of Schedule B1 of the Insolvency Act 1986 cannot be achieved in respect of the Company (see section 8 below) and consequently we do not propose to call a meeting of creditors to consider the proposals. There will be insufficient assets to enable us to make any distribution to unsecured creditors.
- 1.2 In accordance with Paragraph 52 of Schedule B1 of the Insolvency Act 1986 if at least 10% of creditors require us to call a meeting they must notify us using form 2.21B (attached) by 31 May 2011. Please note that before such a meeting can be held we will require a deposit towards the cost of convening the meeting. Such deposit may be repaid subject to the approval of the other creditors.
- 1.3 If creditors do not request that meetings are to be held to consider the Joint Administrators' proposals, the proposals will have been deemed to be approved on 31 May 2011 in accordance with Rule 2.33(5) of the Insolvency Act 1986.
- 1.4 Creditors may approve the proposals with or without modifications subject to the Joint Administrators' agreement to any such modifications. If the creditors reject the Joint Administrators' proposals a report will be sent to the Manchester High court confirming that the creditors have rejected the proposals. The Court may then discharge the Administration and make consequential directions. Alternatively, it may adjourn the hearing or make some other Order as it thinks fit.
- 1.5 If the Joint Administrators' proposals are approved the Joint Administrators will continue to manage the affairs of the Company and realise the assets in accordance with the second and third objectives of the statutory purpose of the Administration. The Joint Administrators would at some later date arrange for the Company to exit from the Administration, as agreed by the creditors. Based on the information presently available and the current situation the Joint Administrators' proposal is that the Company will be dissolved once the Administration is complete.

2 Events Leading up to the Appointment of the Joint Administrators

- 2.1 The Company was incorporated in September 2007 to hold an investment property registered in Scotland, being the Company's freehold property at Block 5, Unit 2, Wester Gordie Industrial Estate, Dundee, DD2 4UH ("the Property"). The Company was set-up by the current recorded members, Adele Susan Callan, Kevin Anthony Devine and Andrew Wall ("the Members").
- 2.2 The purchase was funded through a term loan and overdraft facility provided by The Royal Bank of Scotland ("the Bank"). The Bank secured its lend by way of a debenture and a legal charge. The Company, in order to raise this funding, entered into a cross guarantee ("the Cross Guarantee") for the facilities with the proposed tenant, Sella Office Furniture Limited ("Sella"). Sella was connected to the Company by common Directors and Members. The Bank's position and cross guarantee is discussed further at point 7.1.2.

- 2.3 Sella occupied the Property under a formal lease at an annual rent of £60,000. The Company's unaudited accounts for the period year ending 30 September 2008 recorded a turnover of £32,013 with a net profit of £3,998.
- 2.4 Turnover declined the following year and unaudited accounts for the year ending 30 September 2009, show turnover at £18,043, with a net profit of £4,517. The decline in turnover is largely due to Sella falling into arrears of rent.
- 2.5 Turnover for the year ending 30 September 2010 increased to £58,381. Profits of £10,500 were reported by the Members in the Company records.
- 2.6 Sella was part of a Group headed by Sella Office Holdings Limited ("Holdings") which included another trading subsidiary, Sella Office Seating Limited ("Seating"). Sella and Seating were themselves placed into Administration on 11 August 2009 with RSM Tenon appointed as Administrators.
- 2.7 The business and assets of Sella and Seating were immediately sold to an unconnected company, The Business Fort ("Fort"). Fort has a registered debenture in favour of Sella and Seating, securing deferred consideration due to the Administrators (RSM Tenon) and other obligations under the sale agreement ("the SPA").
- 2.8 A licence to occupy the Property was granted to Fort for a period of six months. During this period, Fort began to fall into arrears with the deferred consideration and RSM Tenon were approached by Sella Office Furniture & Seating Limited ("Furniture"), the current tenant of the Property to negotiate the current licence in place.
- 2.9 Furniture held discussions with the Directors of Fort to negotiate the purchase of the assets it had purchased from RSM Tenon (despite the title still being held by Sella and Holdings). It appears that the assets had been hived down into another business connected to the Directors of Fort but due to the debenture held by Sella and Holdings, a sale could not complete.
- 2.10 Furniture entered into negotiations directly with RSM Tenon and because Fort was in default of the payment terms under the SPA, RSM Tenon released title to the assets to Furniture for a nominal sum but retained the debenture securing the remaining deferred consideration. RSM Tenon relinquished any interest in the Property lease, and Furniture occupied the Property under the current licence from August 2010. Fort subsequently entered Liquidation in November 2010.
- 2.11 As a result of the cross guarantee in place between the Company, Sella and Seating, the Bank sought a way to generate capital repayments as well as interest. However the rental income from the property was not enough to service the debt under the cross guarantee of c.£1.65million.
- 2.12 The Property was valued in October 2009 between £400k and £450k. The value had decreased by £75k, compared to a valuation in August 2007 of £525k.
- 2.13 I understand that the Bank sought proposals for a solvent restructure of the debt, but no satisfactory proposal was received from the Members. The Bank was therefore left with no alternative but to consider an insolvency appointment.
- 2.14 The Bank issued a demand for settlement to the Company in respect of the Cross Guarantee on 22 March 2011, and the Company failed to settle the liability.
- 2.15 On 24 March 2010, we were approached by the Bank to advise them on the Company's financial position, and to advise on an appropriate insolvency procedure.

3 Appointment of the Joint Administrators and Initial Actions

3.1 Given the inability of the Company to pay its debts as and when they fell due, an application for appointment of Joint Administrators was made by the Bank, being a qualifying floating charge holder of the Company, pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986

3.2 On 7 April 2011, Tracey Lee Pye and James Bernard Stephen were appointed Joint Administrators. Under the provisions of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 the Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.

3.3 Initial Actions

3.3 1 Immediately upon appointment the Administrators sought to serve notice on the tenant via our agents. Our agents were instructed to manage the property and collect rents on our behalf.

3.3 2 We immediately secured and insured the Property and all statutory duties were completed.

4 Marketing the Property and Rental Income

4.1 Marketing the Property

4.1.1 Our agents have been instructed to market the Property and this has commenced. To date limited interest has been reported

4 2 Rental Income

4.2.1 We met with the tenant, Furniture, to establish the rental position and the level of arrears. Based on initial discussions, we believe that rent is payable at £40,000 per annum by way of 12 monthly payments of £3,333 plus VAT.

4 2 2 Our agents have collected rent from Furniture totalling £6,666 plus VAT in respect of sums due following our appointment (April and May 2011).

4.2 3 The tenant is however, disputing arrears of rent totalling £9,999 plus VAT invoiced by our agent (for the period January to March 2011), claiming to have overpaid sums in respect of arrears built up by Fort. We will continue to investigate this matter.

5 Statement of Affairs and Statutory Information

5.1 We attach at Appendix 1 to this report, a summary of the estimated statement of affairs of the Company at the date of our appointment, prepared by the directors. These have been prepared from the records of the Company and information available. The Joint Administrators have reviewed the documents but have not carried out any audit or detailed verification work at this time.

5.2 Attached at Appendix 2 is a record of the Company's statutory information including names of the Company's directors and company secretary together with details of their shareholdings.

6 Joint Administrators' Receipts and Payments

6.1 The attached receipts and payments summary shows that there have been no receipts or payments to date

7 Creditors' claims**7.1 Secured Creditors**

7.1.1 The Bank provided term loans and an overdraft facility to the Company, and circa £365,000 was outstanding at the date of our appointment. The Bank is secured by way of a fixed and floating debenture dated 25 September 2007 registered against the Company and a legal charge dated 11 October 2007 over the Property registered in Scotland.

7.1.2 It is estimated that the Bank will suffer a shortfall of approximately £78,000 against the Company's debt.

7.1.3 There are also sums due to the Bank under the cross guarantee of £1,572,473 in respect of the connected companies mentioned above, Sella and Holdings.

7.2 Preferential Creditors

7.2.1 The Members have advised that the Company did not employ any staff, therefore there are no preferential creditors.

7.3 Unsecured Creditors & Prescribed Part

7.3.1 Trade and expense creditors total approximately £51,643.

7.3.2 Based on present information there will be insufficient funds available to discharge the secured creditor in full, therefore, it is not anticipated that a distribution will be made to unsecured creditors of the Company.

7.3.3 We can confirm that under the provisions of Section 176A of the Insolvency Act 1986 the Company has granted a charge after 15 September 2003, therefore the prescribed part would normally apply. However, based on the information currently available there will be no distribution under the Bank's floating charge, therefore the prescribed part will not apply.

8 Achieving the Purpose of the Administration

8.1 The statutory purpose of an Administration consists of three objectives, and we now address the progress that has been made in this respect.

(a) The first objective is rescuing the Company as a going concern (i.e. restructuring the Company resulting in its survival). We would comment that this objective could not be achieved given the level of the Company's debts.

(b) With regard to the second objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in Administration), the position is that this objective will be achieved given that the Administration appointment enabled immediate control over the Property and its rental streams, whereas, without the co-operation of the Members, a Compulsory Liquidation (the only other feasible option) could only have been effected following a court hearing, after which control of the assets may have weakened.

(c) The final objective is realising property in order to make a distribution to one or more secured or preferential creditors and we can advise that we expect that this objective will also be achieved.

9 EC Regulations on Insolvency Proceedings

- 9.1 We are required under the Insolvency Rules 1986 to state whether and if so the extent to which the above regulations apply to these Administrations. In this particular case the EC Regulation will apply in respect of this Administration and these proceedings will be main proceedings as provided by Article 3 of the aforesaid Regulation

10 Pre Administration Costs

- 10.1 Under Rule 2.67A of the Insolvency Rules 1986, certain costs incurred in preparation and planning for the Administration may, with the approval of the creditors, be approved for payment from the Administration estate, as an expense of the Administration.
- 10.2 We are not requesting any pre appointment time costs.

11 Joint Administrators' Remuneration

- 11.1 Kindly note that under the terms of the Insolvency Rules 1986 the Joint Administrators are obliged to fix their remuneration in accordance with Rule 2.106(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either as a percentage of the value of the property with which the Joint Administrators have to deal, by reference to the time the Joint Administrators and their staff spend in attending to matters in this Administration or, a fixed amount
- 11.2 Attached at Appendix 3 is a schedule that summarises the time that has been spent in dealing with matters in the Administrations up to the date of this report. This shows a total of 85 hours at an average charge out rate of £173.05 per hour.
- 11.3 As previously advised, we do not intend to call an initial meeting of creditors on the basis that the Company has insufficient assets to enable a dividend to be paid to unsecured creditors other than by virtue of the prescribed part. On this basis our post appointment remuneration will be subject to the approval of the secured and preferential creditors as set out in Rule 2.106(5A) of the Insolvency Rules 1986. Given that there are no known preferential creditors, we will therefore request authorisation from the Bank in due course.
- 11.4 For your guidance we attach at Appendix 4 a Creditors' Guide to Administrators' Fees together with a document that outlines the policy of BDO LLP in respect of fees and disbursements.

12 Possible outcomes for the Company and Creditors

- 12.1 The Insolvency Act 1986 and Insolvency Rules 1986 provide a variety of options regarding the possible exit routes for the Company from the Administration, being primarily a Company Voluntary Arrangement, Liquidation or dissolution of the Company. It is the Joint Administrators' recommendation and proposal, as detailed below, that once all assets have been realised and distributed in the Administrations that the Joint Administrators arrange for the Company to be dissolved
- 12.2 If there are insufficient funds to enable a dividend to be paid to unsecured creditors, they should arrange for the Company to exit the Administration by way of dissolution pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986.

13 Statement of proposals under Paragraph 49 of Schedule B1 of the Insolvency Act 1986

- 13.1 In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 the Joint Administrators make the following proposals for achieving the purpose of the

Administration In absence of a creditors' meeting, these proposals will be deemed to be approved on 6 June 2011.

Formal Proposals - the Joint Administrators propose that:

- (a) They continue to manage the Company's affairs and realise assets in accordance with the second and third objective of the Administration.
- (b) If there are sufficient funds to enable a dividend to be paid to unsecured creditors, they should arrange for the Company to exit the Administration via Creditors' Voluntary Liquidation pursuant to Paragraph 83 of Schedule B1 of the Insolvency Act 1986 and that Tracey Lee Pye & James Bernard Stephen will be Joint Liquidators and will act jointly and severally.

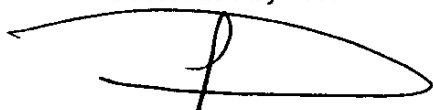
NB. Under Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117(3) creditors may nominate different liquidators, but in the absence of such nomination the above named would become the liquidators

- (c) If there are insufficient funds to enable a dividend to be paid to unsecured creditors, they should arrange for the Company to exit the Administration by way of dissolution pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986.

A further resolution is put to the creditors:

- (d) The Joint Administrators be discharged from liability under the Administration per Paragraph 98 of Schedule B1 of the Insolvency Act 1986, 28 days after the Joint Administrators' filing their final report and sending it to creditors.

Dated: 23 May 2011

.....

Tracey Lee Pye
Joint Administrator

Anglo Continental Property LLP
Statement of Affairs as at 7 April 2011

Statement of affairs

| | |
|--|------------------------------------|
| Name of Company Anglo Continental Property LLP | Company number OC331081 |
| In the High Court Of Justice, Chancery Division, Manchester District Registry <small>[full name of court]</small> | Court case number 664/11 |

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

Statement of affairs of (a) Anglo Continental Property LLP whose registered office is situated at
100 Barbirolli Square, Manchester, M2 3AB.

(b) Insert date

On the (b) 7 April 2011, the date that the company entered administration.

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 7 April 2011, the date that the company entered administration.

Full name. Andrew Lall
Signed A. Lall
Dated 19/5/2011

A ~ Summary of Assets

Assets

Assets subject to fixed charge:

Block 5, Unit 2, Wester Gourdie
Industrial Estate, Dundee,

Assets subject to floating charge:

Estimated total assets available for preferential creditors

| Book Value £ | Estimated to Realise £ |
|--------------------|------------------------------|
| 400,000 | 300,000 |
| Nil | Nil |
| 400,000 | 300,000 |

A1 – Summary of Liabilities

| | | Estimated to realise £ |
|--|--------------|------------------------------|
| Estimated total assets available for preferential Creditors (carried from page A) | £ | 300,000 |
| Liabilities | £ | |
| Preferential creditors:- | Nil | |
| Estimated deficiency/surplus as regards preferential creditors | £ | (Nil) |
| Estimated prescribed part of net property where applicable (to carry forward) | £ Nil | |
| Estimated total assets available for floating charge holders | £ | 300,000 |
| Debts secured by floating charges | £ 365,000 | |
| Estimated deficiency/surplus of assets after floating charges | £ | (65,000) |
| Estimated prescribed part of net property where applicable (brought down) | £ Nil | |
| Total assets available to unsecured creditors | £ | Nil |
| Unsecured non-preferential claims | 51,643 | |
| Shortfall to floating charge holders (brought down) | 65,000 | |
| Estimated deficiency/surplus as regards creditors | | (116,643) |
| Issued and called up capital | £100 | |
| Estimated total deficiency/surplus as regards members | £ | (116,543) |

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession.

| Name of creditor or Claimant | Address (with postcode) | Amount of debt £ | Details of any security held by creditor | Date security given | Value of security £ |
|----------------------------------|---|------------------------|---|------------------------|---------------------|
| HMRC | Accounts Office Salts Mill Rd Shipley Bradford, BD98 1YY | 2,700 | | | |
| RBIG Corporate Risk Services | Cranberry Park, 1 Cranberry Drive Denton Manchester M34 3UL | 3,952 | | | |
| Sella Furniture Group Limited | 100 BARBIROLI SQUARE MANCHESTER M2 3AB | 42,054 | | | |
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Signature _____ Date _____

COMPANY SHAREHOLDERS

| Name of Shareholder | Address (with postcode) | No. of shares held | Nominal Value | Details of Shares held |
|---------------------|---|--------------------|---------------|------------------------|
| Mr Andrew Wall | Trugs I Th' hole Farm , Wood Lane south, Adlington, Cheshire ,SK10 4pj | 40 | £40 | |
| Mr Kevin Devine | Whitecarr Farm, Whitecarr Lane, Warmsley, Bury BL9 6TE | 40 | £40 | |
| Miss Adele Callan | 9 Gaskell Avenue, Knutsford, Cheshire, WA16 0DA | 20 | £20 | |
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Signature _____ Date _____

Anglo Continental Property LLP
Statutory Information

**Anglo Continental Property LLP
In Administration**

Statutory Information

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|--------------------------------------|--|
| Company Number: | OC331081 |
| Date of Incorporation: | 04/09/2007 |
| Address of Registered Office: | 3 Hardman Street, Manchester, M3 3AT Formerly 100 Barbirolli Square, Manchester, M2 3AB |
| Members: | K A Devine A Wall Ms A S Callan |
| Company Secretary: | n/a |
| Nominal Share Capital: | £100 - divided into 100 ordinary shares of £1 each |
| Registered Shareholders: | No of £1 ordinary shares held |
| The Members | 100 Ordinary Shares |
| | <u>100</u> |

Trading Results:

| Period | Turnover £'000 | Gross Profit £'000 | Net Profit £'000 | Directors' Remuneration £'000 | Balance on P & L A/c £'000 |
|---|-------------------|--------------------------|---------------------|-------------------------------------|----------------------------------|
| 1/10/2009 to 30/09/2010 Member Information | 58,381 | 58,381 | 10,500 | Nil | 15,415 |
| 1/10/2008 to 03/09/2009 Unaudited Accounts | 18,043 | 18,043 | 4,517 | 3,600 | 4,915 |
| 04/09/2007 to 31/09/2008 Unaudited Accounts | 32,013 | 32,013 | 3,998 | Nil | 3,998 |

Anglo Continental Property LLP
Summary of Time costs as at 23 May 2011

Anglo Continental Property LLP
Creditors' Guide to Administrators' Fees

1 Introduction

- 1.1** When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

2 The nature of administration

- 2.1** Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective:

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors

3 The creditors' committee

- 3.1** The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

4 Fixing the administrator's fees

- 4.1** The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed either:

- as a percentage of the value of the property which the administrator has to deal with, or
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration.

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed and, if it is fixed as a percentage, fix the percentage to be applied. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case,
- any responsibility of an exceptional kind or degree which falls on the administrator,
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties,
- the value and nature of the property which the administrator has to deal with.

- 4.2** If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee would. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator.

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets. In this case a resolution of the creditors shall be taken as passed if, and only if, passed with the approval of -

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

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

4.4 A resolution of creditors may be obtained by correspondence

5 What information should be provided by the administrator?

5.1 When seeking fee approval

5.1.1 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information, which should be provided, will depend on

- the nature of the approval being sought,
- the stage during the administration of the case at which it is being sought; and
- the size and complexity of the case

5.1.2 Where, at any creditors' or committee meeting, the administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case

5.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, and professional guidance has been provided setting out a minimum of 6 category headings under which the work done by the officeholder and his staff should be analysed. As a firm BDO LLP operates a computerised time recording system which analyses work done under the following categories -

- Pre Appointment Matters
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure

- Other Issues

Professional guidance suggests the following categories as a basis for analysis by grade of staff

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain

- Any significant aspects of the case, particularly those that affect the amount of time spent
- The reasons for subsequent changes in strategy
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement
- Any existing agreement about fees
- Details of how other professionals, including sub-contractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases

- 5.1.4 Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by an administrator or his staff

5.2 After fee approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out

5.3 Expenses and disbursements

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements. However, professional guidance issued to insolvency practitioners requires that, where the administrator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the administrator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

6 What if a creditor is dissatisfied?

- 6.1** If a creditor believes that the administrator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the court orders otherwise, the costs must be paid by the applicant and not as an expense of the administration.

7 What if the administrator is dissatisfied?

- 7.1** If the administrator considers that the remuneration fixed by the creditors' committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient, he may apply to the court for it to be increased. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

8 Other matters relating to fees

- 8.1** Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 8.2** If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

9 Provision of information - additional requirements

In any case where the administrator is appointed on or after 1 April 2005 he must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company. The information which must be provided is -

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

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

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



Anglo Continental Property LLP - In Administration

In accordance with best practice I provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency.

The current charge out rates per hour of staff within my firm who may be involved in working on the insolvency, follows. This in no way implies that staff at all such grades will work on the case.

| GRADE | £ |
|-------------------------|---------|
| Partner1 | 460 |
| Partner2 | 371 |
| Director | 319 |
| Senior Manager | 271-295 |
| Manager | 202-232 |
| Assistant Manager | 185 |
| Senior Executive | 170 |
| Executive | 124-156 |
| Junior Executive | 97 |
| Cashier | 170 |
| Trainee | 62 |
| Support staff/Secretary | 62 |

The rates charged by BDO LLP, 3 Hardman Street, Manchester, M3 3AT are reviewed in December and July each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes BDO LLP records work in respect of insolvency work under the following categories:-

- Pre Appointment
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.



1) Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories.

2) Category 1

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), searches at Companies House, land registry searches, fees in respect of swearing legal documents, external printing costs etc. In each case the recharge will be reimbursement of a specific expense incurred.

A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 40p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff.

Where applicable, disbursements will be subject to VAT at the prevailing rate.

3) Category 2

Additionally some firms recharge expenses for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of a each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors, before they can be drawn, and these are known as category 2 disbursements. The policy of BDO LLP, effective from 1 July 2003, is not to recharge any expense which is not a specific cost to the case, therefore there will be no category 2 disbursements charged. Category 2 disbursements, because they are imprecise, require approval by the creditors before they can be drawn.

BDO LLP
23 May 2011

Anglo Continental Property LLP
Receipts and Payments Account to 23 May 2011

**Anglo Continental Property LLP
(In Administration)**

**Income and Expenditure Account
07 April 2011 to 23 May 2011**

| INCOME | Total (£) |
|---------------------------|------------------|
| | <u>0.00</u> |
| EXPENDITURE | |
| | <u>0.00</u> |
| Balance | <u>0.00</u> |
| MADE UP AS FOLLOWS | |
| | <u>0.00</u> |