

The Insolvency Act 1986

Administrator's progress report

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company CEDARBLUE LIMITED (formerly J & J Crombie Ltd)	Company number SC001298
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(a) Insert full name(s)
and address(es) of
administrator(s)

I (a) **GERALD MAURICE KRASNER of
BARTFIELDS (UK) LTD, BURLEY HOUSE, 12
CLARENDON ROAD, LEEDS LS2 9NF**

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

(b) Insert dates

from
(b) **18 JANUARY 2005**

to
(b) **6 JULY 2005**

Signed
Administrator

Dated **6 July 2005**

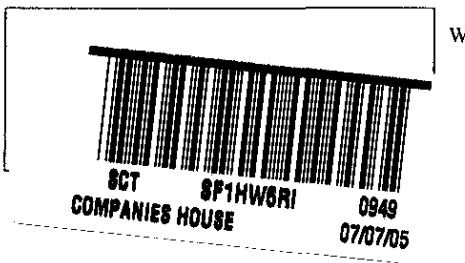
Contact Details:

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

	Tel
DX Number	DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at:

**Companies House, 37 Castle Terrace, Edinburgh EH1 2EB
35 Edinburgh / LP 4 Edinburgh-2**



6 July 2005

AS/GMK/CW

TO: THE CREDITORS

Dear Sirs

**CEDARBLUE LIMITED (FORMERLY J & J CROMBIE LIMITED)
- IN ADMINISTRATION**

I write further to my appointment as Administrator of the company on 18 January 2005, to provide creditors with a progress report covering the period of the Administration to date.

You will recall that the company ceased production of woollen manufacturing in 1992 and has been semi-dormant since this date.

The purpose of the Administration Order was to realise the company's property in order to make a distribution to one or more secured or preferential creditors.

Creditors will recall that the company owned the name "Crombie" and this trade name was sold to an associated company, J & J Crombie Limited, on 11 January 2005, for the sum of £500,000 plus VAT. This amount was reflected in the director's statement of affairs and I can confirm that on 11 February 2005 the sum of £587,500 was received by me.

In addition I have also been made aware of Cedarblue Limited owning shares in a Russian company. The Russian company has the benefit of a long term lease and there is currently litigation, which has been funded by associated companies of Cedarblue Limited, in relation to the control of the Russian company. Substantial sums have been expended to date and the costs for future litigation are also significant. I have been informed that the chances of winning in this litigation are less than 50%. After taking advice I have agreed to transfer the shares in the Russian company to J & J Crombie Limited for £5,000 plus 20% of any future recovery.

I attach a copy of my up to date Receipts and Payments Account covering the period 18 January 2005 to 5 July 2005.

Continued....2

BARTFIELDS

CHARTERED ACCOUNTANTS
CORPORATE RECOVERY SPECIALISTS

Burley House
12 Clarendon Road
Leeds LS2 9NF
Offices also in London and Newcastle

Telephone: 0113 244 9051
Facsimile: 0113 234 3208

email@bartfield.co.uk
Internet: www.bartfield.co.uk
DX: 14089 Leeds Park Square

Directors:

G.M. Krasner FCA FABRP
D.G. Hodgson
G.M.A. Bell BA ACA
R.S. Davidson FCA MAE
D.P. Miller BSc FCA
M. Gibson ACA

Gerald M Krasner is licensed to act as an
Insolvency Practitioner by the Institute of
Chartered Accountants in England & Wales

A division of Bartfields (UK) Ltd registered in
England and Wales under Company No. 1248047
at the above address

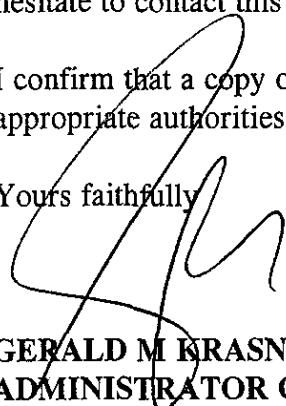
As at 1 July 2005, my total time costs were in the order of £7,267 representing 52 hours at an average hourly charge out rate of £139.75. To date I have drawn the sum of £6,000 plus VAT in respect of these time costs. The fees which have been drawn have been agreed by the Debenture Holder. Full details of my time costs will be provided with my final report to creditors. Attached to this report is a summary of my firm's current charge out rates which are reviewed annually on 30 April. I also attach a copy of a Creditors Guide to Administrators Fees for information purposes.

Following realisation of the company's remaining asset, in respect of the Russian shares, it is evident that there will be funds available for the unsecured creditors. It is therefore my intention to propose a company voluntary arrangement to enable the surplus funds to be distributed to the unsecured creditors.

Finally I enclose herewith the Statutory Information of the company and if creditors require any further information at this stage, please do not hesitate to contact this office.

I confirm that a copy of this progress report has been filed with the appropriate authorities.

Yours faithfully



GERALD M KRASNER
ADMINISTRATOR OF CEDARBLUE LIMITED
APPOINTED 18 JANUARY 2005

CEDARBLUE LIMITED (FORMERLY J & J CROMBIE LIMITED)
(In Administration)

Administrator's Abstract Of Receipts And Payments
To 05/07/2005

	Total
RECEIPTS	£
Shares & Investments	5,000.00
Sale of Trademark	587,500.00
Cash at Bank	10,516.80
Bank Interest Gross	1,030.17
	<hr/>
	604,046.97
	<hr/>
PAYMENTS	
Specific Bond	840.00
Office Holders Fees	6,000.00
Office Holders Expenses	30.00
Accountancy Fees	100.00
Statutory Advertising	748.26
Bank Charges	20.00
Debenture Holder	350,000.00
Vat Receivable	1,201.95
	<hr/>
	358,940.21
Balances in Hand	245,106.76
	<hr/>
	604,046.97
	<hr/> <hr/>

HOURLY CHARGE OUT RATES
WITH EFFECT FROM 1 MAY 2005

NAME OF CASE: CEDARBLUE LIMITED

DIRECTOR: 180 - 260

SENIOR CASE ADMINISTRATOR: 100 - 130

ADMINISTRATOR: 64 - 94

CASHIER: 64 - 100

Disbursements Rates:

Category 1

Car Mileage	45p per mile
Fax	30p per sheet
Photocopying	15p per sheet
Registered Office Fee	£100
Stationery	15p per A4 sheet
Storage/Microfiche	£10 per annum
Telephone	Overseas rates specifically

Category 2

Bank Businessmaster Charges	£10
Company Search	£20
Oath Fee	£ 5 - £10
Room Hire	actual cost

All the above figures are exclusive of VAT

01.05.05

From 1 Jan 1980

HOURS							
Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	14.92	6.25	0.00	16.67	37.83	5,558.66	146.93
Investigations	0.00	3.00	0.00	0.00	3.00	360.00	120.00
Realisation of Assets	0.00	6.75	0.00	0.50	7.25	875.00	120.69
Creditors	0.00	3.75	0.00	0.00	3.75	462.50	123.33
Special Other Matters	0.00	0.00	0.00	0.17	0.17	10.67	64.01
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Fees Claimed £	3,605.00	2,347.83	0.00	1,314.00		7,266.83	
Total Hours	14.92	19.75	0.00	17.33	52.00		
Average Rate	241.68	118.88	0.00	75.81			

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES ENGLAND AND WALES

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, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff:

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

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

- Any significant aspects of the case, particularly those that affect the amount of time spent.
- The reasons for subsequent changes in strategy.
- Any comments on any figures in the summary of time spent accompanying the request the 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 subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees.

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

5.1.4 Where the fee is charged on a percentage basis the 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.

CEDARBLUE LIMITED (FORMERLY J & J CROMBIE LIMITED)

IN ADMINISTRATION

STATUTORY INFORMATION

Company Number:	SC1298
Registered Office:	Burley House 12 Clarendon Road Leeds LS2 9NF
Nature of Business:	Investment Holding Company
Date of Appointment:	18 January 2005
Court:	Court of Session Edinburgh
Court Number:	3 of 2005