

The Insolvency Act 1986

**2.24B****Administrator's progress report**

Name of Company

JC Realisations Limited formerly  
known as Jaycare Limited

Company number

654833

In the  
High Court of Justice

[full name of court]

Court case number  
389 of 2008

We

David John Crawshaw  
KPMG LLP  
1 The Embankment  
Neville Street  
Leeds LS1 4DW  
United KingdomMark Granville Firmin  
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Administrators of the above company attach a progress report for the period

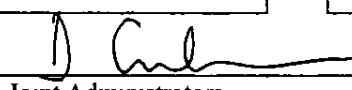
from

16 January 2008

to

15 July 2008

Signed

  
Joint Administrators

Dated

7/08/2008

**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.

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A32 16/08/2008 281

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**JC Realisations Limited  
(in administration)  
(formerly Jaycare  
Limited)**

**Progress Report to Creditors  
pursuant to Rule 2.47 of the  
Insolvency (Amendment)  
Rules 2003**

**KPMG LLP  
7 August 2008  
*This report contains 9 pages***

**djc/jr/lf**

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## Notice: About this Report

This Report has been prepared by David John Crawshaw and Mark Granville Firmin, the Joint Administrators of JC Realisations Limited, solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in JC Realisations Limited.

Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this Report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report to any such person.

David John Crawshaw and Mark Granville Firmin are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The Joint Administrators act as agents for JC Realisations Limited and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the administration.



*JC Realisations Limited (in administration) (formerly Jaycare Limited)*  
*Progress Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules*  
*2003*

*KPMG LLP*  
*7 August 2008*

## Glossary

Administration Order	The Administration Order granted by the High Court of Justice, Chancery Division, in respect of JC Realisations Limited dated 16 January 2008. Court Administration Order number 389 of 2008
the Company	JC Realisations Limited (company registered number 0654833)
Administrators or the Joint Administrators	David John Crawshaw and Mark Granville Firmin of KPMG LLP
the Banks	Allied Irish Bank plc and Bank of Scotland plc
Phoenix	Phoenix Equity Nominees Limited
the Purchaser	Cope Allman Plastic Packaging Limited
ROT	Retention of Title



## **Contents**

<b>1</b>	<b>Introduction</b>	<b>1</b>
<b>2</b>	<b>Background and events leading to the Administration Order</b>	<b>2</b>
<b>3</b>	<b>Purpose, initial strategy and progress of the administration</b>	<b>3</b>
<b>4</b>	<b>Cost of realisations</b>	<b>5</b>
<b>5</b>	<b>Estimated outcome for creditors</b>	<b>7</b>
<b>6</b>	<b>Initial creditors' meeting</b>	<b>8</b>
<b>7</b>	<b>Future conduct of the administration</b>	<b>8</b>
<b>8</b>	<b>End of the administration</b>	<b>9</b>
<b>9</b>	<b>Statement concerning the EC Regulations</b>	<b>9</b>

## **Appendices**

- 1. Statutory information**
- 2. Receipts and Payments period account up to 15 July 2008**
- 3. Form 2.24 – Abstract of Receipts and Payments up to 15 July 2008**
- 4. Joint Administrators' proposals**
- 5. Joint Administrators' time costs and expenses up to 15 July 2008**
- 6. Creditors guide to Administrators' fees**



## **1 Introduction**

Further to my Report and proposals dated 15 July 2008, I set out below my six month progress Report. This Report provides an update on the progress of the administration since my appointment and covers the period from 16 January 2008 to 15 July 2008.

JC Realisations Limited is formerly known as Jaycare Limited.

As previously reported, pursuant to the filing of the intention to appoint an Administrator, David John Crawshaw and Mark Granville Firmin of KPMG LLP were appointed Joint Administrators by an Order granted by the High Court Justice, Chancery Division on 16 January 2008.

David John Crawshaw and Mark Granville Firmin are both authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

In accordance with Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, the functions of the Joint Administrators may be exercised by either or both of them.

In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986, the Joint Administrators set out their proposals for achieving the purpose of the administration and for the conduct of the administration which are attached in Appendix 4 of this Report.

The Report also includes certain information required to be provided to creditors in accordance with Rule 2.33 of the Insolvency (Amendment) Rules 2003.

The appropriate statutory information is set out in Appendix 1.

Receipts and Payments period account up to 15 July 2008 is enclosed in Appendix 2 and Form 2.24 – Abstract of Receipts and Payments up to 15 July 2008 is included in Appendix 3.

The Joint Administrators estimate that there will be no funds available to the unsecured creditors other than a dividend under the Prescribed Part rules. Therefore, in accordance with Paragraph 52 of Schedule B1 of the Insolvency Act 1986, the Joint Administrators did not hold an initial creditors' meeting.



## **2 Background and events leading to the Administration Order**

As previously reported, the Company was created as the amalgamation of Navara and Johnsen & Jorgensen's pharmaceutical packaging businesses. The Company operated from four different leasehold locations with its main operations based in New York Industrial Park, Newcastle upon Tyne.

The Company was a specialist manufacturer of plastic packaging products and dispensing systems for the pharmaceutical, over the counter healthcare, vitamins, minerals and supplements, personal care and infection control markets.

Venture Capitalists Limited bought the Company in September 2000 and subsequently sold it to Phoenix Equity Nominees Limited in February 2004.

In 2005 further management changes were introduced, including the appointment of a turnaround director.

Since April 2006, the Company was subject to an ongoing stabilisation plan. The initial objective was to return the Company to profitability and to subsequently proceed with substantial capital expenditure programme.

The Company sought further investment to comply with the stabilisation plan and to address the funding requirement of the business. However, in November 2007 the Company lost its largest customer, Schering Plough and as the Company's cash position became progressively untenable and the Company was unable to secure satisfactory arrangements with its stakeholders to fund the cash requirement. Accordingly, the directors concluded that the business could not continue to trade and in January took steps necessary to place the Company into administration.



### **3 Purpose, initial strategy and progress of the administration**

#### **3.1 Purpose of the administration**

Paragraph 3(1) of Schedule B1 of the Insolvency Act 1986 states that the Administrator of a company must perform his functions with the objective of:

- (a) rescuing the company as a going concern, or*
- (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up, or*
- (c) realising property in order to make a distribution to one or more secured or preferential creditors*

The objective as set out in Paragraph 3(1)(a) rescuing the Company (legal entity) as a going concern is not possible due to the high level of liabilities incurred

The objective of this administration was that set out in Paragraph 3(1)(b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up

#### **3.2 Initial strategy**

Immediately upon their appointment, the Administrators and their representatives attended the Company's premises to secure all sites and to take control of the business

It became clear very early on that the key to maximising realisations to creditors was to secure continuity of trading by a quick sale of business

Accordingly, the Administrators commenced contacting potentially interested parties on the day of appointment while simultaneously ensuring that the supply chains was stabilised to enable the business to continue to trade during the sales process

#### **3.3 Progress of the administration**

I enclose at Appendix 2 Receipts and Payments period account for the period from 16 January 2008 to 15 July 2008

Overall receipts and asset realisations to date total £8.83 million, payments to date total £6.61 million, with a current bank balance of £2.21 million





### 3.3.1 Trading

Based on initial forecasts, the Joint Administrators estimated that the business could be traded for approximately six to eight weeks at circa break even. The outcome was discussed with the Banks

The ability to continue to trade was dependent upon the continued support of the Company's main customers and of circa 10 key suppliers. The Joint Administrators immediately sought the cooperation of all these parties and were able to negotiate a continuation of supply as well as to obtain credit terms from some key suppliers. The Joint Administrators were also able to avoid any significant ransom liabilities.

Due to the prolonged negotiations regarding sale of business, the Administrators traded the Company in total for seven weeks.

During this period sales including VAT totalled £2.90 million of which we have collected £2.53 million and we anticipate to achieve an overall trading profit of £0.40 million.

We have received in total 32 ROT claims totalling circa £500,000. To date, we have settled 25 claims, the remaining seven claims remain with our solicitors.

The Joint Administrators made one redundancy during the trading period.

### 3.3.2 Sale of the business

As previously reported, following successful negotiations, the Joint Administrators concluded the sale transaction with Cope Allman Plastic Packaging Limited, trading as Cope Allman and/or Jaycare Limited, on 29 February 2008. The Purchaser is independent of the directors of the Company.

The detailed analysis relating to sale of business realisations are

	£000
Plant, equipment and tooling	950
Goodwill, transferring records and intellectual property	390
Stock	50
Customer list	10
<b>Total realisations</b>	<b>1,400</b>

The sale of business to the Purchaser represented the best return for the creditors as it saved in total 205 jobs and therefore minimised the preferential creditor claims.



### **3.3.3 Sale of the long leasehold property**

The Joint Administrators, following prolonged negotiations, successfully concluded the sale transaction of the long leasehold property. It was sold collectively to John Sidnell, Ian Winkfield, Alan John Moulton and Peter Darlington on 2 June 2008 for £2.4 million.

### **3.3.4 Book debts**

The book value of debtors on the date of appointment was £2.08 million. KPMG LLP's Receivables Realisation Group ("RRG"), a specialist debt collection department, are facilitating the collection of these debts. To date, RRG have collected £1.79 million in respect of the book debts representing 86% of total book debts. Total collections are anticipated to be in the region of £1.84 million.

### **3.3.5 Other assets**

To date the Administrators have also realised the following:

- £11,469 in respect of a refund for Council Rates paid in advance,
- a total of £59,000 has been recovered in respect of gross interest,
- other income of £11,753 consists of payments for recycling scrap stock,
- £1,425 in respect of petty cash and foreign currency, and
- £254 in respect of sundry refunds

### **3.3.6 Other matters**

We have carried out our duties as Administrators in respect of the Directors' Disqualification Act 1986.

## **4 Cost of realisations**

### **4.1 Trading**

Total trading costs to date have amounted to £2.35 million. The largest outflow was £0.86 million in respect of direct labour costs. Other costs incurred were £0.66 million relating to polymer, £0.16 million on heating and lighting, £0.15 million on carriage and £0.11 million on packaging.

It is anticipated that total trading costs will increase as some costs incurred during the trading period are yet to be finalised.

Forces majeure payments totalled £94,592. During the period six payments were made: £34,098 was paid to hauliers and £60,494 was paid to three key suppliers.



## **4.2 Administrators' remuneration**

The basis of the Administrators' fees is time properly spent at KPMG LLP's standard hourly rates. These rates are included in Appendix 5 to this Report.

In the period from our appointment to 15 July 2008, we have incurred time costs of £919,734 representing 4,236 hours at an average rate of £217 per hour. This includes tax, VAT, employee, pensions and health and safety advice from KPMG LLP in-house specialists.

No fees or disbursements have been drawn during the period up to 15 July 2008. The Joint Administrators do not envisage there being sufficient realisations to cover their time costs in full.

In accordance with Statement of Insolvency Practice 9, a breakdown of these costs and expenses for each grade of staff is attached as Appendix 5.

Further information is given in the Association of Business Recovery Professionals' publication *A Creditors' Guide to Administrators' Fees*, a copy of which is enclosed as Appendix 6.

Please note that all staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. However, the cost of staff employed in central administration functions is not charged directly to this assignment but is reflected in the general level of charge out rates.

## **4.3 Professional fees**

We have engaged Dundas and Wilson LLP as our legal advisers. The legal fees will be incurred primarily as a result of work on the sale of the business and sale of the long leasehold agreements. Further fees will be incurred in connection with their advice on liens, landlord issues, certain ROT claims, and in support of the Administrators' fulfilling their statutory duties.

We have also engaged Sanderson Weatherall as our agents to assist with the valuations of the long leasehold property, leases and of the plant and machinery.



## **5 Estimated outcome for creditors**

### **5.1 Secured creditors**

At the date of our appointment the Banks was owed £33.2 million which consists of the following

- amounts due under cross-guarantee liability from OSHM Holding Limited of £30.1 million, and
- overdraft facility of £3.1 million

The Banks are secured by way of legal charge, floating charge debenture and cross guarantee

### **5.2 Preferential creditors**

It is anticipated that there are preferential claims of circa £20,000. Preferential creditor claims were at appointment substantially higher. However, the Joint Administrators made the decision to pay these wages in order to reduce the preferential claim and retain the goodwill of the workforce.

### **5.3 Non-preferential creditors and prescribed part**

Non-preferential creditor claims continue to be submitted. We estimate that total unsecured claims will be in the region of circa £14 million.

It is unlikely that any funds will become available for distribution to unsecured creditors.

The Prescribed Part which applies to non-preferential, unsecured creditors will apply in this case as the debentures held by the secured creditors were registered after 15 September 2003.

The availability of distribution via a Prescribed Part will be directly dependent on the floating charge realisations. However, at this time, we do not anticipate any dividend to unsecured creditors other than via a Prescribed Part Rule.

The Joint Administrators are currently in a process of applying to Court for a permission to make a distribution to unsecured creditors via a Prescribed Part Rule. If granted, the Joint Administrators would anticipate to make a distribution to unsecured creditors within four months of receiving the order.

## **6 Initial creditors' meeting**

As stated above, on the basis of current information the Joint Administrators do not anticipate that there will be sufficient funds to enable a distribution to be made to unsecured creditors other than under a Prescribed Part Rule

Therefore, in accordance with Paragraph 52(1) of Schedule B1 of the Insolvency Act 1986, a meeting of creditors is not convened unless 10% in value of creditors request it, in the prescribed manner

In the absence of a meeting being called, the proposals attached in Appendix 4 are deemed accepted

As no requests to summon a meeting of creditors were received, the proposals attached in Appendix 4 are deemed to be accepted

## **7 Future conduct of the administration**

It is proposed that the Joint Administrators will continue to manage the affairs, business and property of the Company in order to achieve the purpose of the administration. This will include

- collection of the Joint Administrators' debts,
- collection of the Company's book debts,
- dealing with the ROT claims,
- finalising the administration, including payment of all administration liabilities following the trading period,
- dealing with unsecured creditors claims,
- applying to court to enable the prescribed part dividend to be paid out of the administration, and
- dealing with statutory reporting and compliance obligations



## **8 End of the administration**

Pursuant to paragraph 76(1) of schedule B7, the administration will automatically end on 15 January 2009, although it can be extended by application to the Court or creditors. In the event that the purpose of the administration cannot be completed by 15 January 2009, the Joint Administrators will either seek an extension of time to complete the administration or place the Company into other insolvency proceedings to enable any remaining issues to be resolved.

If and where appropriate, the Joint Administrators cease to act, they will seek to organise the voluntary or compulsory winding up of the Company or the approval of a voluntary arrangement under Part I of the Insolvency Act 1986 or the striking off of the Company from the Register of Companies, whichever is deemed appropriate.

## **9 Statement concerning the EC Regulations**

The EC Council Regulations on Insolvency Proceedings apply to this administration and the proceedings are main proceedings. This means that this administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Union Member State.

David John Crawshaw  
Joint Administrator



## Appendix 1 – Statutory information

<b>Company Name</b>	JC Realisations Limited
<b>Date of Incorporation</b>	31 March 1960
<b>Company number</b>	0654833
<b>Previous registered office</b>	New York Industrial Park New York Way Newcastle Upon Tyne NE27 0QF
<b>Present registered office</b>	KPMG LLP Quayside House 110 Quayside Newcastle Upon Tyne NE1 3DX
<b>Trading address</b>	New York Industrial Park New York Way Newcastle Upon Tyne NE27 0QF
<b>Authorised share capital</b>	125,000 Ordinary Shares of £1 each
<b>Called up share capital</b>	117,380 Ordinary Shares of £1 each
<b>Shareholders</b>	Johnsen & Jorgensen Packaging Limited
<b>Directors</b>	Archibald Fyfe Lyndon Wild Michael Currie Nigel Lawrence
<b>Company secretary</b>	Michael Currie
<b>Employees</b>	206
<b>Previous names</b>	Jaycare Limited Waddington Jaycare Limited Johnsen & Jorgensen (Healthcare) Limited Clayton Mayers & Company Limited



## Appendix 2 – Receipts and Payments period account up to 15 July 2008

### Administrators' Trading Account

Statement of Affairs	From 16/01/2008 To 15/07/2008	From 16/01/2008 To 15/07/2008
<b>POST-APPOINTMENT SALES</b>		
Sales	2,625,462 60	2 625,462 60
Other Income	70,364 07	70,364 07
Contribution from Purchaser	96,048 04	96,048 04
Miscellaneous income	<u>33,602 92</u>	<u>33 602 92</u>
	2,825,477 63	2 825,477 63
<b>PURCHASES</b>		
Polymer	608,014 38	488,791 73
Paper	11,351 08	8,752 59
Raw Materials	66,074 02	18,820 42
Packaging	119,680 42	67,110 59
Payments on behalf of Purchaser	5,621 22	11,900 00
Other purchases	<u>6,538 89</u>	<u>6,538 89</u>
	(817,280 01)	(817,280 01)
<b>OTHER DIRECT COSTS</b>		
Direct labour	857,208 97	857,208 97
Employee Expenses	2,226 67	2,226 67
Pre Appointment Employee Expenses	548 69	548 69
Employee insurance policies	<u>3,674 85</u>	<u>3 674 85</u>
	(863,659 18)	(863 659 18)
<b>TRADING EXPENSES</b>		
Rent	119,325 57	119,325 57
Rates	1,065 44	1,065 44
Water rates	3,881 91	3,881 91
Heat & light	158,078 12	158,078 12
Telephone / telex / fax	827 45	827 45
Carriage	152,751 23	152,751 23
Retention of title	28,623 37	28,623 37
Bank charges & interest	1,704 11	1,704 11
HP/Leasing payments	52,819 10	52,819 10
Repairs and maintenance	48,077 37	48,077 37
Sundry expenses	7,331 42	7,331 42
Forced Majeure payments	94,591 70	94,591 70
Vehicle running costs	500 33	500 33
Stationary & postage	<u>858 90</u>	<u>858 90</u>
	(670,436 02)	(670 436 02)
<b>TRADING SURPLUS/(DEFICIT)</b>	<u>474 102 42</u>	<u>474 102 42</u>





**JC Realisations Limited (in administration) (formerly Jaycare Limited)**  
**Progress Report to Creditors pursuant to Rule 2 47 of the Insolvency (Amendment) Rules**  
**2003**  
**KPMG LLP**  
**7 August 2008**

**Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 16/01/2008 To 15/07/2008	From 16/01/2008 To 15/07/2008
<b>FIXED CHARGE ASSETS</b>		
2,500,000 00 Leasehold property	2,400,000 00	2,400,000 00
Plant & machinery	72,833 33	72,833 33
Customer list	10,000 00	10,000 00
Goodwill	389,999 00	389,999 00
Bank interest, gross	6,750 74	6 750 74
	<u>2,879,583 07</u>	<u>2 879,583 07</u>
<b>FIXED CHARGE COSTS</b>		
Agents' / Valuers' fees	6,500 00	6 500 00
	<u>(6,500 00)</u>	<u>(6,500 00)</u>
<b>FIXED CHARGE CREDITORS</b>		
Fixed charge creditor	2,700,000 00	2 700,000 00
	<u>(2,700,000 00)</u>	<u>(2,700 000 00)</u>
<b>HP/LEASING</b>		
1 00 HP/Leasing asset	-	-
	<u>-</u>	<u>-</u>
<b>ASSET REALISATIONS</b>		
2,500,000 00 Plant & machinery	877,171 67	877,171 67
850,426 00 Stock	50,000 00	50,000 00
1,705,345 00 Book debts	1,842,940 40	1,842,940 40
1 00 Intellectual Property	1 00	1 00
Other Funds	14,026 87	14,026 87
	<u>2,784,139 94</u>	<u>2,784,139 94</u>
<b>OTHER REALISATIONS</b>		
Bank interest, gross	52,250 28	52,250 28
Sundry refunds	253 80	253 80
Trading Surplus/(Deficit)	474,102 42	474,102 42
	<u>526,606 50</u>	<u>526,606 50</u>
<b>COST OF REALISATIONS</b>		
Statement of affairs work	4,000 00	4,000 00
Agents' / Valuers' fees	12,348 29	12,348 29
Company searches	23 00	23 00
Statutory advertising	2,710 28	2,710 28
Bank charges	644 43	644 43
	<u>(19,726 00)</u>	<u>(19,726 00)</u>
<b>FLOATING CHARGE CREDITORS</b>		
(22,097,044 00) Floating charge - BOS	1,300,000 00	1 300,000 00
(11,048,522 00) Floating charge - Allied Irish	-	-
	<u>(1,300,000 00)</u>	<u>(1,300,000 00)</u>
<b>UNSECURED CREDITORS</b>		
(3,765,971 00) Trade & expense	-	-
(425 000 00) Employees	-	-
(1 00) Connected companies	-	-
(247,150 00) Corp tax etc/nonpref PAYE	-	-
(280,000 00) Government Grants	-	-
	<u>-</u>	<u>-</u>
<b>DISTRIBUTIONS</b>		
(117 000 00) Ordinary shareholders	-	-
	<u>-</u>	<u>-</u>
(30,424,915 00)	<u>2,164,103 51</u>	<u>2 164,103 51</u>
<b>REPRESENTED BY</b>		
Floating ch VAT rec'able		235,133 52
Fixed charge current		171,945 57
Floating ch current		2 042,101 22
Fixed charge VAT rec'able		1 137 50
Floating ch VAT payable		<u>(286,214 30)</u>
		<u>2 164 103 51</u>



**JC Realisations Limited (in administration) (formerly Jaycare Limited)**  
**Progress Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules**  
**2003**

KPMG LLP

7 August 2008

## Appendix 3 – Form 2.24 – Abstract of Receipts and Payments up to 15 July 2008

**ABSTRACT OF RECEIPTS AND PAYMENTS - 16/01/2008 to 15/07/2008**      Appendix to Form 2.24  
**JC Realisations Limited formerly known as Jaycare Limited**      Page 1

<b>RECEIPTS</b>		<b>£</b>
Brought forward from previous Abstract (if Any)		0 00
Sales		2,625,462 60
Other Income		70,364 07
Contribution From Purchaser		96,048 04
Miscellaneous income		33 602 92
Leasehold property		2,400,000 00
Plant & machinery		72,833 33
Customer list		10,000 00
Goodwill		389,999 00
Bank interest, gross		6,750 74
Plant & machinery		877,171 67
Stock		50,000 00
Book debts		1 842,940 40
Intellectual Property		1 00
Other Funds		14,026 87
Bank interest, gross		52 250 28
Sundry refunds		253 80
Floating ch VAT payable		286,214 30
Carried forward to		8,827 919 02
* continuation sheet / next abstract		
<b>PAYMENTS</b>		<b>£</b>
Brought forward from previous Abstract (if Any)		0 00
Polymer		608,014.38
Paper		11,351 08
Raw Materials		66,074 02
Packaging		119,680 42
Payments on behalf of Purchaser		5,621 22
Other Purchases		6,538 89
Direct labour		837,208 97
Employee Expenses		2,226 67
Pre Appointment Employee Expenses		548 69
Employee insurance policies		3,674 85
Rent		119,325 57
Rates		1,065 44
Water rates		3,881 91
Heat & light		158,078 12
Telephone/Telex/Fax		827 45
Carriage		152,751 23
Retention Of Title		28,623 37
Bank charges & interest		1 704 11
IIP/Leasing payments		52 819 10
Repairs and maintenance		48,077 37
Carried forward to		2 248 092 86
* continuation sheet / next abstract		

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance, so that the gross totals shall represent the total amounts received and paid by the administrator since he was appointed

ABSTRACT OF RECEIPTS AND PAYMENTS - 16/01/2008 to 15/07/2008 Appendix to Form 2 24  
JC Realisations Limited formerly known as Jaycare Limited Page 2

RECEIPTS		£
Brought forward from previous Abstract (if Any)		8,827,919 02
* Delete as appropriate	Carried forward to * continuation sheet / next abstract	8 827,919 02
PAYMENTS		£
Brought forward from previous Abstract (if Any)		2 248,092 86
	Sundry expenses	7,331 42
	Forced Majeure Payments	94,591 70
	Vehicle running costs	500 33
	Stationery & postage	858 90
	Agents'/Valuers' fees	6,500 00
	Fixed charge creditor	2 700,000 00
	Statement of affairs work	4,000 00
	Agents'/Valuers' fees	12 348 29
	Company Searches	23 00
	Statutory advertising	2 710 28
	Bank charges	644 43
	Floating charge - BOS	1 300 000 00
	Floating ch VAT rec'able	235 133 52
	Fixed charge VAT rec'able	1 137 50
* Delete as appropriate	Carried forward to * continuation sheet / next abstract	6 613 872 23

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the administrator since he was appointed.



## **Appendix 4 – Joint Administrators’ proposals**

The Joint Administrators propose the following resolutions

### ***RESOLUTION (1):***

- to continue to do all such things reasonably expedient and generally exercise all their powers as Joint Administrators as they, in their discretion, consider desirable in order to maximise realisations from the assets of the Company,
- to investigate and, if appropriate, pursue any claims that the Company may have,
- to seek an extension to the administration period if deemed necessary by the Joint Administrators,
- when it is anticipated that no better realisations will be made in the administration than would be available in a winding up, to take the necessary steps to put the Company into either Creditors’ Voluntary Liquidation or Compulsory Liquidation or Company Voluntary Arrangement as deemed appropriate by the Joint Administrators, in the event the Joint Administrators deem that liquidation is not appropriate because, for example, no dividend will become available to creditors and there are no other outstanding matters that require to be dealt with in a liquidation, then the Joint Administrators shall file the appropriate notices at Companies House and the Company will subsequently be dissolved,
- in the event that Creditors’ Voluntary Liquidation is deemed appropriate, the Joint Administrators be permitted to seek the appointment of John David Crawshaw and Mark Granville Firmin of KPMG LLP as Joint Liquidators of JC Realisations Limited, without any further recourse to creditors and that they may act jointly and severally in their duties. In accordance with paragraph 83(7) and Rule 2.117(3), creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the proposals and before the proposals are approved, and
- upon the appointment of a Liquidator or Supervisor or the filing of an appropriate notice at Companies House, the Administrators will cease to act and the Administrators will be discharged of all liabilities at that point as detailed in Paragraph 98 of Schedule B1 of the Insolvency Act 1986.

### ***RESOLUTION (2):***

- the Joint Administrators be authorised to draw fees on account from the assets of JC Realisations Limited from time to time during the period of the administration based on time properly spent at KPMG LLP charge out rates that reflect the complexity of the assignment. Also, that the Joint Administrators be authorised to draw disbursements from time to time to include category two disbursements,
- that any costs incurred by KPMG LLP prior to appointment, but for the sole purpose of assisting and advising the Company in respect of the appointment process, be authorised on the same basis as above, and



*JC Realisations Limited (in administration) (formerly Jaycare Limited)*  
*Progress Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules*  
*2003*  
*KPMG LLP*  
*7 August 2008*

that any costs of KPMG LLP in respect of Tax, VAT, Pensions, Health & Safety and Forensic advice provided to the Joint Administrators be based upon time costs and shall be paid out of the assets of JC Realisations Limited



## Appendix 5 – Joint Administrators' time costs and expenses up to 15 July 2008

Consolidated time spent by grade	Partner/Director	Management	Administrators	Support	Total Hours	Total Cost £	Average Rate £
<b>Administration &amp; planning</b>							
Appointment related formalities	1 00	-	109 50	1 20	111 70	18,489 00	165 52
Statutory Receipts & Payments	-	-	1 20	-	1 20	218 50	182 08
Bonding & bordereau	-	0 30	-	-	0 30	87 00	290 00
Strategy documents	10 50	-	4 50	-	15 00	5,805 00	387 00
Reports to debenture holders	37 00	75 00	1 00	4 50	117 50	37,842 50	322 06
Checklist & reviews	-	2 50	-	-	2 50	912 50	365 00
Distributions to shareholders	-	1 00	-	-	1 00	290 00	290 00
Fees & W/P	-	1 00	-	2 00	3 00	480 00	160 00
Joint appointee	1 00	-	-	-	1 00	465 00	465 00
General cashing	1 00	-	121 90	-	122 90	21,632 00	176 01
Reconciliations (& IPS account reviews)	-	8 00	13 70	-	21 70	4,683 00	215 81
Initial reviews - CT & VAT	2 50	8 60	6 30	-	17 40	5,170 50	297 16
Post appointment VAT	-	-	8 40	-	8 40	2,028 00	241 43
Post appointment Corporation Tax	13 30	26 80	38 50	-	78 60	21,583 00	274 59
	66 30	123 20	305 00	7 70	502 20	119,686 00	238 32
<b>Investigation</b>							
Directors' questionnaires / checklist	-	-	28 00	-	28 00	5,355 00	191 25
D Form drafting and submission	-	-	12 00	-	12 00	1,800 00	150 00
Statement of affairs	-	-	7 50	-	7 50	1,125 00	150 00
	-	-	47 50	-	47 50	8,280 00	174 32
<b>Realisation of assets</b>							
Freehold property	4 00	-	-	-	4 00	1,860 00	465 00
Leasehold property	104 00	32 00	-	-	136 00	57,185 00	420 48
Plant & machinery	-	-	2 00	-	2 00	300 00	150 00
Stock & WIP	-	72 00	81 00	-	153 00	33,030 00	215 88
Debtors	3 00	26 00	546 50	-	575 50	92,640 00	160 97
Sale of business	105 50	139 50	123 00	4 50	372 50	121,262 50	325 54
	216 50	269 50	752 50	4 50	1,243 00	306,277 50	246 40



**JC Realisations Limited (in administration) (formerly Jaycare Limited)**  
**Progress Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules 2003**  
**KPMG LLP**  
**7 August 2008**

**Trading**

Health & Safety	-	13 00	-	13 00	3,770 00	290 00
Cash & profit projections & Strategy	44 50	68 50	86 00	199 00	52,092 50	261 77
Sales	20 00	87 00	163 00	270 00	59,385 00	219 94
Purchases & trading costs	5 30	180 00	573 00	758 30	140,492 00	185 27
Employee correspondence	-	2 00	174 50	178 50	36,047 50	201 95
Pension funds	-	-	5 10	5 10	765 00	150 00
General cashing	-	-	69 10	69 10	11,377 00	164 65
Reconciliations (& IPS account reviews)	-	5 00	7 30	12 30	2,759 50	224 35
Initial reviews - CT & VAT	3 50	34 50	21 50	59 50	17,165 00	288 49
Post appointment VAT	-	1 00	16 50	17 50	4,040 00	230 86
Post appointment Corporation Tax	22 00	12 30	16 70	51 00	17,903 00	351 04
	<b>95 30</b>	<b>403 30</b>	<b>1,132 70</b>	<b>1 633 30</b>	<b>345,796 50</b>	<b>211 72</b>

**Creditors**

Notification of appointment	-	12 00	24 00	36 00	7,080 00	196 67
Creditor correspondence	12 00	29 00	327 70	375 20	63,768 50	169 96
Statutory reports	4 50	33 00	15 50	60 70	14,589 00	240 35
Agreement unsecured claims	-	3 00	1 00	19 60	2,502 00	127 65
Secured creditors	0 10	-	-	0 10	46 50	465 00
ROT claims	-	5 00	247 00	252 00	38,500 00	152 78
Reports to committee	-	-	1 00	1 00	150 00	150 00
Employee correspondence	-	2 00	48 50	50 80	10,808 50	212 77
Pension funds	-	-	14 30	14 30	2,249 50	157 31
	<b>16 60</b>	<b>84 00</b>	<b>679 00</b>	<b>809 70</b>	<b>139,694 00</b>	<b>172 53</b>

**Total hours/cost**

	<b>394 70</b>	<b>880 00</b>	<b>2 916 70</b>	<b>4,235 70</b>	<b>919 734 00</b>	<b>217 14</b>
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**Fees drawn**

**Hours/Costs to date**

In the period	-	4,235 70	919,734 00	217 14
C/f	-	4,235 70	919,734 00	217 14

**Notes**

All staff who have worked on this assignment including cashiers and secretarial staff have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.



## KPMG expenses as at 15 July 2008

	£
Air Travel	2,105 70
Car Mileage	5,942 25
Hotel	17,572 82
Lunch	899 60
Breakfast	89 73
Dinner	3,670 06
Employee Specialist	281 35
Parking & Tolls	452 00
Rail Travel	816 70
Sundry Bordereau Bond	568 50
Sundry Other	1,253 92
Taxis	504 30
Telecommunications	706 80
<b>Total expenses</b>	<b><u>34,863.73</u></b>





## **KPMG Charge out rates as at 15 July 2008**

<b>Grade</b>	<b>Hourly rate from 1 October 2007 onwards (£)</b>
Partner	465
Director	400
Director (Tax)	515
Senior Manager	365
Senior Manager (VAT)	545
Manager	290
Manager (Tax)	290
Manager (GSS)	290
Senior Administrator	205
Senior Administrator (Tax)	205
Senior Administrator (VAT)	205
Administrator	150
Administrator (Pensions)	150
Administrator (Tax)	180
Support	95



## **Appendix 6 – A creditors’ guide to Administrators’ fees – England and Wales**

### **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 judgment 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



*JC Realisations Limited (in administration) (formerly Jaycare Limited)*  
*Progress Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules*  
*2003*

*KPMG LLP*  
*7 August 2008*

- 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 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.



***JC Realisations Limited (in administration) (formerly Jaycare Limited)***  
***Progress Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules***  
***2003***

***KPMG LLP***

***7 August 2008***

**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.