

The Insolvency Act 1986

Administrator's progress report

Name of Company

Sterling Trust Limited

Company number

01761400

In the
High Court of Justice, Manchester District
Registry, Chancery Division

(full name of court)

Court case number
3056 of 2015(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
Christopher Benjamin Barrett
Dow Schofield Watts Business Recovery LLP
7400 Daresbury Park
Daresbury
Cheshire
WA4 4BSJohn Allan Carpenter
Dow Schofield Watts Business Recovery LLP
7400 Daresbury Park
Daresbury
Cheshire
WA4 4BS

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

From

To

(b) Insert date

(b) 19 October 2015

(b) 18 April 2016

Signed

Joint / Administrator(s)

Dated

18 May 2016.

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

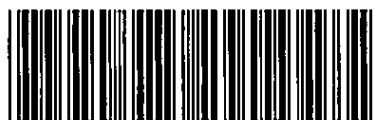
The contact information that you give will be visible to searchers of the public record

Christopher Benjamin Barrett
Dow Schofield Watts Business Recovery LLP
7400 Daresbury Park
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Sterling Trust Limited (“the Company”) – In Administration

Joint Administrators’ First Progress Report for the period from 19 October 2015 to 18 April 2016

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1. Introduction

On 19 October 2015, Christopher Benjamin Barrett and John Allan Carpenter of Dow Schofield Watts Business Recovery LLP were appointed as Joint Administrators of the Company by its directors. Statutory information concerning the Company and the Joint Administrators is set out at **Appendix A**

The Joint Administrators' proposals were issued to creditors on 7 December 2015. A meeting of creditors was held on 23 December 2015 at which the Joint Administrators' proposals were approved by the creditors without modification.

I consider that the EC Regulation on Insolvency Proceedings applies and that these are "main proceedings" as defined in Article 3 of the EC Regulation as the centre of main interests of the Company is in the United Kingdom.

2. Joint Administrators' receipts and payments account

The Joint Administrators' receipts and payments account for the period from 19 October 2015 to 18 April 2016 is attached at **Appendix B**

The administration estate funds are held in an interest bearing account in the name of the Company and controlled by the Joint Administrators.

My comments on the receipts and payments account are detailed below.

3. Action Taken Since Appointment

The Joint Administrators decided to carry out a controlled wind down and realisation of the Company's investments and other assets in order to maximise realisations.

3.1 Investments in Subsidiaries

The director's statement of affairs included investments in subsidiaries with a book value of £1 and an estimated to realise value of £nil.

The investments consist of 1 ordinary share of £1 in ST International Power Limited and 1 ordinary share of £0.01 in Sterling Trust Asset Management Limited. Both of these subsidiaries are dormant and their most recently filed accounts to 31 December 2014 report that they have net assets of £1 and £0.01 respectively. No realisations are anticipated in respect of these assets.

My investigations identified additional subsidiaries which were included in the 2014 financial statements, which I was informed by the directors had been disposed of during 2015. These consisted of 100% shareholdings in a limited company with net assets of £8,536, an unlimited company with net assets of £nil and 100% shareholdings in four additional dormant companies. Contrary to information received it does appear that these assets are still owned, although it remains uncertain as to whether there will be any realisations in this regard.

3.2 Investments in Quoted Companies

The Statement of affairs includes investments in three quoted companies with a total book value of £34,908,142 and an estimated to realise value of £15,854,615. The estimated to realise value was based upon Mr Emson's assessment of the underlying asset values of the investment rather than the quoted share prices, which are considerably lower. These investments consist of -

- 303,092,303 ordinary shares of 2p each in Rurelec plc

- 31,794,105 ordinary shares of 2p each in IPSA Group plc
- 900,000 ordinary shares of 1p each in Strategic Natural Resources plc

Rurelec plc

The Company owns approximately 54.79% of the ordinary shares in Rurelec plc. The shares are currently trading at 1.00p per share. Numerous meetings and discussions have taken place with management, the NOMAD, the major creditors and other stakeholders regarding the protection of the value of the Company's shareholding and its future realisation. My realisation strategy in respect of this investment is not disclosed in this report to avoid prejudicing the outcome.

IPSA Group plc

The Company owns approximately 29.57% of the ordinary shares in IPSA Group plc. In September 2015 the shares were suspended at which point the price was 1.40p per share. Following my appointment, discussions took place with independent agents, SIA Group (UK) London Ltd, with regard to them providing advice, marketing and negotiating with interested parties. One party was understood to be likely to make an acceptable offer but this did not proceed. Since then, I have had numerous discussions and meetings with management and their advisors regarding the proposed realisation of the value in the IPSA Group plc shareholding. My realisation strategy in respect of this investment is not disclosed in this report to avoid prejudicing the outcome.

Strategic Natural Resources plc

No realisations are anticipated in respect of the investment in Strategic Natural Resources plc which is in Compulsory Liquidation.

3.3 Book debts

Based on the director's Statement of Affairs, at the date of administration the Company was owed book debts totalling £14,692,417, with an estimated to realise value of £998,500 after provision for bad and doubtful debts.

The debts considered recoverable by the director consisted of amounts owed by Unicorn Worldwide Holdings Limited ("Unicorn") of £926,000 and Bluestone Securities Limited ("Bluestone") of £72,500 in respect of accrued management fees under a verbal agreement. There will be no recovery in respect of these alleged debts as Unicorn and Bluestone are the two major creditors of the Company and any debt would be subject to set-off.

The other debts consist of a balance of £12,725,917 due from the parent company, Sterling Credit Group Holdings Limited, and the sum of £968,000 due from a third party. I am in discussions with representatives of the third party with regard to this debtor balance. The debt from the parent company appears to be irrecoverable as its only asset is its 99.9% shareholding in the Company. However the transaction which resulted in this inter-company debt forms part of my ongoing investigations.

3.7 Cash at bank

The Statement of Affairs included cash at bank of £8,000 which was held in the Company's bank account with National Westminster Bank Plc. Following my appointment I wrote to National Westminster Bank Plc to request the transfer of these funds to the liquidation estate account and received the sum of £9,072.

3.8 Bank interest

Bank interest totalling £2 has been received during the period.

4 Investigations

The Joint Administrators have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the administration. I am also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf.

Appropriate investigations have been carried out and there are certain lines of enquiry that remain ongoing. It is currently anticipated that the investigations will result in additional realisations in the administration and I expect to be able to provide further details to creditors in my next progress report.

The confidential report or return on the conduct of the directors of the Company has been submitted to the Insolvency Service.

5. Proposed Future Actions of the Joint Administrators

In order to achieve the objective of the administration the Joint Administrators propose to realise the Company's investments and seek to collect the book debts to the extent they are recoverable.

I will also continue my investigations into the Company's affairs in the period prior to the administration and seek to realise any further assets identified or pursue any claims in respect of antecedent transactions, as appropriate.

I will continue to consult with major creditors, respond to any creditor queries and maintain records of creditor claims received.

The Company's financial position means that it is anticipated that there will be sufficient funds available to allow a distribution to unsecured creditors. Therefore, it is intended that the Company will be placed into creditors' voluntary liquidation at the conclusion of the administration to allow the distribution to be paid.

6. Creditors and Distributions

6.1 Secured Creditors

The director's Statement of Affairs did not include any secured creditors, however a claim has been received from Bluestone (which was included in the statement of affairs as an unsecured creditor) which has a fixed charge over the Company's shareholding in ST International Power Limited. The Joint Administrators have been in correspondence with solicitors acting for Bluestone which has asserted that it has further security over Company assets. I have instructed solicitors to review available documentation and provide validity advice regarding the purported security, however further enquiries are ongoing and at this stage it is not possible to comment on the estimated outcome.

In addition, a claim has been received from Grenda Investments Limited which has a fixed charge over the Company's shareholding in Sterling Trust Asset Management Limited. As there is unlikely to be any realisations in respect of that shareholding, there will be no fixed charge distribution.

6.2 Preferential Creditors

The Company had no employees and there are no preferential creditors in this matter.

6.3 Prescribed Part

In cases where a company gave a floating charge over its assets to a creditor on or after 15 September 2003, the prescribed part provisions set aside a proportion (the "prescribed part") of the funds that would

otherwise have been available for distribution to floating charge creditors (the “net property”) so that the prescribed part can be distributed to unsecured creditors

As there is no floating charge creditor, the prescribed part provisions do not apply

6.4 Unsecured Creditors

The Company’s unsecured creditors were estimated to total £16,111,232 per the director’s statement of affairs. Creditor claims received to date (including those subject to purported security rights as discussed above) total £41,355,080

At present my expectations are that sufficient funds will be available to enable a dividend to be paid to the unsecured creditors. Therefore, it is intended that the Company will move into liquidation for the appointed liquidators to make a distribution to the unsecured creditors

The amount of the dividend will be determined by the extent of claims lodged by creditors, the amounts at which the claims are agreed by the liquidators and the costs of the process. Further information will be provided by the duly appointed liquidators

7. Expenses of the Administration

7.1 Administrators’ remuneration and disbursements

At the meeting of creditors held on 23 December 2015 it was resolved that the Joint Administrators be authorised to draw their remuneration by reference to time properly spent by them and their staff in dealing with matters relating to the administration of the Company

It was also resolved that the Joint Administrators be authorised to draw category 2 disbursements at the rates set out in **Appendix C** of this report

The Fees Estimate was £199,500 and the Expenses Estimate was £78,133

The Joint Administrators’ time costs and disbursements incurred and drawn during the period from 19 October 2015 to 18 April 2016 are as follows -

	Incurred £	Paid £
Joint Administrators’ time costs	95,496 50	0 00
Category 1 disbursements	4,458 67	0 00
Category 2 disbursements	162 90	0 00
	4,621 57	0 00

Appendix C includes further details of these time costs and disbursements. This includes details of hourly charge out rates, a breakdown of the time costs incurred by work type and staff grade and an analysis of the disbursements incurred and paid

At the date of this report the remuneration anticipated to be charged by the Administrators is not likely to exceed the Fees Estimate

Further information relating to administrators’ remuneration can be found in ‘A Creditor’s Guide to Administrators’ Fees’ which can be accessed at the website of the Insolvency Practitioners’ Association (www.insolvency-practitioners.org.uk > Regulation and Guidance” > Creditors Guides to Fees), or the Institute of Chartered Accountants in England & Wales (www.icaew.com > Technical Resources > Insolvency > Creditors’ Guides). The guide includes details of creditors’ right to request information under Rule 2.48A

and their right to challenge administrators' remuneration and expenses under Rule 2.109. A summary of these rights is also set out in **Appendix C**. A copy of the guide will be provided free of charge upon request to Dow Schofield Watts Business Recovery LLP.

7.2 Other expenses

The following professional advisors have been instructed to assist the Joint Administrators in this matter:

Professional Advisor	Nature of Work	Fee Arrangement
SIA Group (UK) London Ltd	Advice on investment sale strategy, meetings and negotiations with interested parties and advice regarding offers received	Commission
Brabners LLP	Assistance with appointment formalities, correspondence and discussions with solicitors representing creditors, and advice on validity of security	Time Costs

The choice of professionals and the Joint Administrators' fee arrangement with them was based on my assessment of the nature and complexity of the work required and their experience and ability to perform that work.

Details of the administration expenses incurred and paid during the period from 19 October 2015 to 18 April 2016 are set out at **Appendix C**.

Expenses incurred or anticipated to be incurred are likely to exceed the Expenses Estimate of £78,133. The increase is in respect of legal fees where the estimate was £30,000 and costs incurred to date are already £37,609. The reasons for the additional expenses being incurred are additional legal advice being required in relation to a number of asset, liability and investigation issues.

7.3 Pre-Administration costs

At the meeting of creditors held on 23 December 2015 it was resolved that the Joint Administrators be authorised to draw pre-administration costs of £14,874.18 plus VAT. The costs incurred and amounts paid to date are as follows -

	Incurred	Paid
	£	£
Dow Schofield Watts Business Recovery LLP fees	9,113.00	0.00
Legal Fees Brabners LLP	5,500.00	0.00
Category 1 disbursements	261.18	0.00
Category 2 disbursements	0.00	0.00
Total	14,874.18	0.00

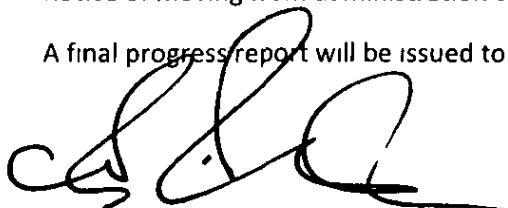
8. End of Administration

Once the matters set out at section 5 above are concluded, it is the Joint Administrators' intention to exit the administration by moving the Company into creditors' voluntary liquidation with Christopher Benjamin Barrett and John Allan Carpenter to act as Joint Liquidators.

It is becoming increasingly likely that the administration will need to be extended beyond the current duration of 12 months because of issues concerning the realisation of certain of the Company's assets. If so, I will seek the consent of creditors for the extension of the period of administration prior to the anniversary of my appointment. Should any creditors have any concerns or objections regarding such an extension, please contact Katie Smith by e-mailing katie@dswrecovery.com or telephoning 0844 7762740.

It was also resolved at the meeting of creditors that upon the Company proceeding into creditors' voluntary liquidation or dissolution, the Joint Administrators' discharge from liability, pursuant to paragraph 98 of Schedule B1, shall take effect 14 days following either the Company entering into liquidation or filing of the notice of moving from administration to dissolution.

A final progress report will be issued to creditors at the end of the administration.

A handwritten signature in black ink, appearing to read 'C. Barrett', with a long horizontal flourish extending to the right.

Christopher Benjamin Barrett
Joint Administrator

Licensed in the United Kingdom to act as an insolvency practitioner by the Insolvency Practitioners Association

The affairs, business and property of the Company are being managed by the Joint Administrators who act as agents of the Company and without personal liability.

Company Information

Company Name	Sterling Trust Limited
Trading Name	N/a
Previous Name	Sterling Trust plc (re-registered as private 16 March 1994) Dewey Warren Holdings plc (changed 12 December 1990)
Company Number	01761400
Date of Incorporation	13 October 1983
Former Trading Address	55 Baker Street, London, W1U 7EU
Current Registered Office	c/o Dow Schofield Watts Business Recovery LLP, 7400 Daresbury Park, Daresbury, Warrington, WA4 4BS
Former Registered Office	Number One, Vicarage Lane, London, E15 4HF
Principal Trading Activity	Investment holding company

Appointment details

Date of appointment	19 October 2015
Appointment made by	The board of directors 55 Baker Street, London, W1U 7EU
Court Name and Reference	High Court of Justice, Manchester District Registry, Chancery Division No 3056 of 2015
Joint Administrators' names and address	Christopher Benjamin Barrett (IP number 9437) and John Allan Carpenter (IP number 16270) Dow Schofield Watts Business Recovery LLP, 7400 Daresbury Park, Daresbury, Warrington WA4 4BS

Pursuant to Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, any function required or authorised to be done by the Joint Administrators may be done jointly by both of them or by any one of them

Officers of the Company

Directors.	Appointed	Resigned
Current		
Colin Jack Emson	21/05/1993	N/a
John Kevin Farrell	14/12/1993	N/a
Catherine Lucy Hudson	28/01/2014	N/a
Larry Steven Trachenberg	25/05/2015	N/a
Recently resigned		
John Bottomley	21/05/1993	01/04/2014
Nicholas Pilbrow	03/09/2003	25/05/2015
Mark Keegan	01/06/2015	06/10/2015
Company Secretary:		
Marie Jose Bravo Quiterio	01/04/2014	N/a

Share Capital

Allotted, called up and fully paid.

11,211,861 ordinary shares of £0 10 each

40,271,128 ordinary shares of £0 01 each

Principal Shareholder:

Sterling Credit Group Holdings Limited 99.9% of issued share capital

Charges

National Westminster Bank Plc	Charge over credit balances created 6 September 1994
The Royal Bank of Scotland Plc	Fixed and floating charges created 20 March 1998
Maclew Limited	Fixed and floating charges created 20 March 1998
Sterling Property Holdings Limited	Fixed and floating charges created 5 April 2002
Bank of Scotland	Inter-creditor deed created 21 December 2005
Seabreeze Enterprises Limited	Fixed charge created 2 March 2012
Bluestone Securities Limited	Fixed charge created 12 June 2013
Grenda Investments Limited	Fixed charge created 14 June 2013

Sterling Trust Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments
To 18/04/2016

S of A £		£	£
	ASSET REALISATIONS		
NIL	Investments in Subsidiaries	NIL	
15,854,615 00	Investments in Quoted Companies	NIL	
998,500 00	Debtors	NIL	
8,000 00	Cash at Bank	9,072 38	
	Bank Interest Gross	1 71	
			9,074 09
	UNSECURED CREDITORS		
(19,110 00)	Trade Creditors	NIL	
(5,507 00)	HM Revenue & Customs	NIL	
(16,086,615 00)	Other Creditors	NIL	
			NIL
	DISTRIBUTIONS		
(1,121,186 00)	Ordinary Shareholders	NIL	
(402,711 00)	Deferred Shareholders	NIL	
			NIL
(774,014.00)			9,074 09
	REPRESENTED BY		
	Bank 1 Current		9,074 09
			9,074.09

Appendix C

Information relating to the Joint Administrators' Fees and Expenses

Information relating to the Joint Administrators' Fees and Expenses

1. Fees and disbursement recovery

Time recording policy

It is our policy to seek fee approval on a time costs basis. Work undertaken on insolvency appointments is recorded in 6 minute units on an electronic time recording system. Time properly incurred on cases is charged at the hourly charge-out rate of the grade of staff undertaking the work.

The current hourly charge-out rates are as follows -

Staff grade	Hourly rate (£) from 4 April 2016
Partner and Insolvency Practitioner	300
Manager	230-250
Assistant Manager	180-225
Senior Case Administrator	145-175
Case Administrator	100-140
Trainee Case Administrator	70-95
Cashier	125

Disbursements policy

Office holders' disbursements fall under two categories

Category 1 disbursements consist of external supplies of goods or services specifically relating to the case. Where such costs are paid by Dow Schofield Watts Business Recovery LLP, creditor approval is not required for those costs to be recharged to the insolvency estate. Category 1 disbursements will typically include costs such as statutory advertising, specific bond insurance, company search fees, storage, postage, external room hire and travel expenses (excluding business mileage).

Category 2 disbursements are costs that are directly referable to the case but not to a payment to an independent third party. They include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis. Such disbursements can only be charged to the insolvency estate with the approval of creditors. It is our policy to seek creditor approval for the payment of the following Category 2 disbursements -

Disbursement type	Rate
Mileage	45p per mile

2 Existing Fee Arrangements

At the meeting of creditors held on 23 December 2015 it was resolved that the Joint Administrators be remunerated on a time cost basis and they were authorised to draw category 2 disbursements at the rates set out above. The Administrators' Fees Estimate was £199,500.

3. Time and Charge out summary

To date a total of 403.1 hours have been spent at an average charge out rate of £236.91 bringing the total cost to date to £95,496.50. A summary table is shown overleaf.

Time Entry - SIP9 Time & Cost Summary

S007 - Sterling Trust Limited
All Post Appointment Project Codes
From 19/10/2015 To 18/04/2016

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	17 90	9 10	2 50	24 00	53 50	9 899 00	185 03
Case Specific Matters	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	48 80	6 90	10 70	24 70	91 10	19 966 50	219 17
Investigations	32 50	13 30	31 40	23 70	100 90	20 229 00	200 49
Realisation of Assets	139 10	12 30	1 50	4 70	157 60	45 402 00	288 08
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	238 30	41 80	46 10	77 10	403 10	95 496 50	236 91
Total Fees Claimed						0 00	
Total Disbursements Claimed						0 00	

4 Description of work carried out

Section 3 of this appendix outlines the time costs to date in relation to activities undertaken during this matter. Staff of different levels were involved in the activities below depending on the experience required.

These matters can be summarised as follows:

4.1 Administration and planning

- Statutory duties associated with the appointment including the filing and advertising of relevant notices,
- Notification of the appointment to creditors, members and other interested parties,
- Setting up case files,
- Reviewing available information to determine appropriate strategy,
- Setting up and maintaining bank account,
- Case reviews, and
- Dealing with taxation returns and correspondence.

The administration and planning work has almost entirely been carried out to comply with statutory and regulatory requirements. Work in determining and reviewing strategy is intended to add value in terms of the realisation of assets.

4.2 Realisation of Assets

- Identifying assets and securing documents of title,
- Liaising with directors, and liaising with management and NOMADs of the companies in which the investments are held,
- Attendance at shareholders' meetings of the investment companies,
- Consideration of realisation strategies,
- Consideration of Rurelec plc open offer,
- Liaising with agents and solicitors,
- Correspondence and discussions with interested parties,
- Investigation of debtor balances, and
- Collecting cash at bank.

The above work has been carried out in order to realise assets for the benefit of creditors. Extensive work has been carried out in respect of the Company's investment assets and due to the nature of the assets and the complex issues involved it has been necessary for this work to be carried out at partner level.

4.3 Investigations

- Correspondence with the directors and former directors,
- Collection of relevant books and records from the former auditors for the purposes of the investigations,
- Initial review of company documentation,
- Review of questionnaires and information provided by creditors,
- Review of company books and records,
- Liaising with solicitors regarding antecedent transactions and potential recoveries, and
- Completion of statutory report or return to the Insolvency Service.

The investigation work carried out in order to report on directors' conduct has been performed solely to comply with statutory requirements. The remainder of the investigation work has been carried out with a

view to identifying additional assets and/or potential antecedent transactions that can be pursued in order to achieve additional realisations for the benefit of creditors

4.4 Creditors

- Recording and maintaining the list of creditors,
- Liaising with secured creditors and their representatives,
- Recording creditor claims,
- Reporting to creditors, and
- Responding to creditor queries

Reporting to creditors is work solely performed to comply with statutory requirements. Maintaining the list of creditors and their claims is necessary in order to allow the distribution of funds. Certain of the time spent in liaising with creditors has been with regard to asset realisation issues which potentially add value to the estate, the remainder is work that has been necessarily performed but which will not add monetary value to the estate.

5 Disbursements

The following disbursements have been incurred since the commencement of the administration -

	This period	
	Incurred (£)	Paid (£)
Category 1 disbursements		
Bordereau	1,200 00	0 00
Postage	21 43	0 00
Travel	1,983 04	0 00
Statutory Advertising	146 00	0 00
Meeting Room	889 20	0 00
Courier	219 00	0 00
	<hr/> 4,458 67	<hr/> 0 00
Category 2 disbursements		
Mileage	162 90	0 00
Total	<hr/> 4,621.57	<hr/> 0.00

The above costs exclude VAT

6 Professional advisors and expenses

The following expenses have been incurred since the commencement of the administration in connection with the instruction of the following parties -

Name	This period	
	Incurred (£)	Paid (£)
SIA Group (UK) London Ltd (agents)	0 00*	0 00
Brabners LLP (solicitors)	37,608 94	0 00
Total	<hr/> 37,608.94	<hr/> 0.00

* These fees are contingent on asset realisations, so will not be incurred until the relevant assets are realised

The above costs exclude VAT and are in addition to the pre-administration expenses set out at section 7.3 above

7. Creditors' rights

Within 21 days of receipt of a progress report a creditor may request the administrators to provide further information about the remuneration and expenses set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

If a creditor believes that the Joint Administrators' remuneration is too high, the basis is inappropriate, or the expenses incurred by the Joint Administrators are in all the circumstances excessive he may, provided certain conditions are met, apply to the court.

Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the Joint Administrators' progress report in which the charging of the remuneration or incurring of the expenses in question is first reported.

If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses are not to be treated as expenses of the administration.

Unless the court orders otherwise, the costs of the application must be paid by the applicant and not out of the assets of the insolvent company.