

The Insolvency Act
1986

Statement of administrator's proposals

Name of Company
Alnwick Community Development Trust Limited

Company number
04148521

In the Newcastle upon Tyne High Court of Justice Chancery Division (full name of court)
--

Court case number
1240 of 2011

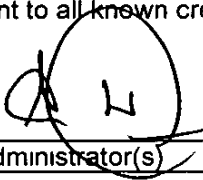
(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
Gordon Smythe Goldie
Tait Walker
Bulman House
Regent Centre, Gosforth
Newcastle upon Tyne
NE3 3LSAllan David Kelly
Tait Walker
Bulman House
Regent Centre, Gosforth
Newcastle upon Tyne
NE3 3LS*Delete as
applicable

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

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

(b) 10 October 2011

Signed


Joint / Administrator(s)

Dated

10 October 2011

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
formThe contact information that you give
will be visible to researchers of the
public recordGordon Smythe Goldie
Tait Walker
Bulman House
Regent Centre, Gosforth
Newcastle upon Tyne
NE3 3LS

DX Number

0191 285 0321
DX Exchange

WEDNESDAY



A19

A0JTPYBK

12/10/2011

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COMPANIES HOUSE

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



TAIT WALKER

CORPORATE RECOVERY

Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
Tel 0191 285 0321 Fax 0191 284 9117 DX 60368 Gosforth

Our Ref
11131/GSG/ADK/AL/KE/CH/PE
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TO ALL KNOWN CREDITORS

If you telephone please ask for

Date 10 October 2011

Dear Sirs

Alnwick Community Development Trust Limited (In Administration)

As you are aware, we were appointed Joint Administrators of Alnwick Community Development Trust Limited ("the Company") on 21 September 2011

The Company was placed in Administration for the purpose of achieving one of the following objectives:

- (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 (without first being administration); or
- (c) Realising property in order to make a distribution to one or more secured or preferential creditors

We would advise that objective (b) is being pursued for the reasons outlined in the attached report

We would inform you that a meeting of creditors will be held on 26 October 2011 at the Newcastle Marriott Hotel, High Gosforth Park, Newcastle upon Tyne, NE3 5HN at 11:00am

The purpose of the meeting is for creditors to consider our proposals for achieving the objectives of the Administration and to approve pre appointment remuneration and costs

In summary, the creditors will be asked to vote upon the following matters at the meeting of creditors. Additional details are provided in the report and accompanying documentation:

- 1 The approval of the Administrators' proposals,
- 2 Whether the creditors consider it appropriate to form a Creditors Committee, and
- 3 The approval of the pre appointment remuneration and costs.

We therefore enclose the following documentation for your attention:-

A division of Tait Walker Advisory Services LLP Registered address as above
LLP number OC340418 Registered in England A list of members names is available at the above address
All Insolvency Practitioners are licensed in the United Kingdom to act as Insolvency Practitioners
by the Institute of Chartered Accountants in England and Wales
Insolvency Practitioners acting as Administrators contract as agents and without personal liability



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- The administrators' proposals for the purpose of achieving the Administration together with a report summarising the events leading up to our appointment, actions we have taken to date as Administrators, and additional information relating to the Company and its finances,
- Formal notice of a meeting of creditors,
- A form of proxy to enable you, if you wish, to specify your intentions regarding the proposals, and also nominate a representative to attend on your behalf, if applicable.
- A duplicate proof of debt form.
- Tait Walker - Statement on Remuneration and Expenses in Insolvency Proceedings

Please note that in order to vote at the meeting you must lodge the completed proof of debt form and/or a statement of your claim at this office by 12 00 noon on the business day before the meeting. Proxy forms can be lodged at any time prior to the meeting, although it will assist if these could be submitted at the same time as proof of debt forms. A copy of rule 2.38, entitlement to vote is attached for reference

If you require further information or an explanation of the purpose of the meeting and what is being proposed, please contact Katy Ellis or Andrew Little at the above address.

Yours faithfully
For and on behalf of
Alnwick Community Development Trust Limited



Gordon S Goldie & Allan D Kelly
Joint Administrators

The affairs, business and property of the Company are being managed by Gordon S Goldie and Allan D Kelly as Joint Administrators, who act as agents of the Company and without any personal liability

Administrators Proposals relating to
Alnwick Community Development Trust Limited (“the
Company”) – In Administration

Issued on: 10 October 2011

The affairs, business and property of the Company are being managed by Gordon S Goldie and Allan D Kelly as Joint Administrators, who act as agents of the Company and without any personal liability

Alnwick Community Development Trust Limited - IN ADMINISTRATION

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1. INTRODUCTION

Gordon Smythe Goldie and Allan David Kelly of Tait Walker Corporate Recovery (a division of Tait Walker Advisory Services LLP) are the Joint Administrators of the Company and these are our statutory proposals relating to the Company.

We are both partners in Tait Walker Corporate Recovery and licensed to act as insolvency practitioners in the United Kingdom by The Institute of Chartered Accountants in England & Wales

We confirm that we do not consider that any material conflict or relationship existed or exists which would have prejudiced us taking this appointment and no subsequent ethical issues have arisen to date which would impact on our duties as office holders

This document sets out information required by statute, and to assist creditors in considering the Administrators proposals. This report contains the same information that will be presented to the meeting of creditors.

This report has been prepared for the purposes of complying with the Joint Administrators statutory duties under the Insolvency Act and Rules. It should not be relied upon by any person for any other purpose and in any other context, and any person doing so does at their own risk.

Any estimated outcomes or dividend prospect for creditors incorporated within this report are illustrative and subject to change depending on the ultimate proceeds of realisation, costs of the administration, and levels of creditor claims. As such any estimates or dividend prospects cannot be relied upon as guidance as to the actual outcome.

The Joint Administrators act as agents of the Company and without any personal liability whatsoever.

2. STATUTORY AND ADMINISTRATOR'S INFORMATION

Company Information

Company Name	Alnwick Community Development Trust Limited
Previous Name	Alnwick Peoples Trust Limited
Trading Name	n/a
Company Number	04148521
Charity Registration Number	1089444
Date of Incorporation	26/01/2001
Registered Office	Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne
Trading Address	The Centre, 27 Fenkle Street, Alnwick, Northumberland
Principal Activity	Charitable Development Trust for Alnwick and surrounding areas

Executive Committee of Trustees

<i>Name</i>	<i>Appointed</i>	<i>Resigned</i>
Carys Thomas	26/01/2001	
Gordon Castle	27/11/2001	
Edwin Ford	12/4/2010	
Thomas Pattinson	1/4/2011	
Valerie Apted	2/5/2008	
Richard Waters	4/4/2006	

Richard Waters is the Company Secretary

General Trustees

<i>Name</i>	<i>Appointed</i>	<i>Resigned</i>
Anthony Sewell	8/6/2009	30/05/2011
Carlo Biagioni	12/4/2010	
Colin Barnes	27/11/2001	
Dominic Plumley	1/12/2009	
Graeme Knox	16/11/2005	
Ian Walker	22/9/2003	
Jeffrey Watson	20/12/2009	
Moray Martin	12/4/2010	
Paul Allcroft	1/4/2011	
Paul Larkin	1/4/2011	
Peter Biggers	12/4/2010	
Peter Thew	26/1/2001	
Simon Buist	17/7/2009	
Timothy Bendix	1/4/2005	
Anne-Marie Trevelyan	20/12/2009	
Dorothy Brett	20/12/2009	
Heather Cairns	1/4/2011	
Susan Allcroft	14/7/2007	
Lorna Gilroy	9/6/2004	
Pauline Baird	9/6/2004	
Ian August	9/6/2004	17/8/2011
Ian Hall	15/1/2010	30/1/2011
John Hope	1/5/2008	17/8/2011
John Stevens	20/6/2009	31/8/2011
Anne Newbury	14/11/2008	20/4/2011
Clare Mills	20/12/2009	1/2/2011
Judith Brown	10/5/2008	1/10/2009
Maria Manion	6/4/2009	20/8/2011

Share Capital

The Trust is a charitable company limited by guarantee and does not have a share capital

Charge Holder Details

The following charges are registered at Companies House:-

<i>Charge Holder</i>	<i>Date of Creation</i>	<i>Date of Registration</i>	<i>Type</i>
Lloyds TSB Bank plc	13/1/2009	20/1/2009	Debenture
Lloyds TSB Bank plc	4/3/2009	19/3/2009	Mortgage
Northumberland County Council	11/11/2010	27/11/2010	Legal Charge
Triodos Bank NV	11/11/2010	23/11/2010	Legal Mortgage
Northumberland Estates Limited	18/5/2011	20/5/2011	Legal Charge

Details of appointment of Administrators

Names of Joint Administrators	Gordon S Goldie, Licensed Insolvency Practitioner (number 5799) Allan D Kelly, Licensed Insolvency Practitioner (number 9156)
Joint Administrators Address	Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne NE3 3LS
Date of Administrators appointment	21 September 2011
Court	Newcastle upon Tyne High Court of Justice Chancery Division - 1240 of 2011
Person making appointment	The Directors (Trustees)
Acts of the Joint Administrators	<p>The Joint Administrators act as officers of the court and as agents of the Company without personal liability.</p> <p>The Administrators will act jointly and severally. Any act required or authorised under any enactment to be done by an Administrator may be done by any one or more persons holding the office of Administrator from time to time</p>
EC Regulation on Insolvency	It is considered that the EC Regulation applies and that these are main proceedings as defined in Article 3 of the EC Regulation The company is registered in the UK (England and Wales), trades within the UK and the majority of its assets and creditors are entirely within the UK

3. CIRCUMSTANCES LEADING TO THE APPOINTMENT OF THE ADMINISTRATORS

The information contained herein is taken from the Company records, and discussions with the Company directors. It has not been checked nor verified by The Administrators, Tait Walker Corporate Recovery, its partners, employees or agents, who have no liability for any errors or omissions herein

Alnwick Peoples Trust Limited ("the Company") was incorporated on 26 January 2001 changing its name to the present style of Alnwick Community Development Trust Limited on 22 September 2004. The Company operated primarily from premises at The Centre, 27 Fenkle Street, Alnwick, Northumberland, NE66 1HW, employing on average 6 salaried employees (including grant funded posts).

The Company was registered as a charity on 26 January 2001 and, in accordance with its charitable objectives, is a not for profit concern. The Company was administered and managed in accordance with its Memorandum and Articles of Association by trustees who are also the directors. No trustees received any financial benefits as a result of their position.

The Company's objectives were to develop and promote projects with the aim of advancing community development in Alnwick and the surrounding area. This included the provision of community centre facilities together with additional and improved facilities for recreational and other activities at minimal or no cost to the participants, where possible.

The not for profit status of the Company restricted its ability to trade, and a related trading company ACDT Trading Limited ("ACDT") was incorporated on 18 January 2006. ACDT has operated since that date as the trading arm of the Company.

During 2010 and 2011 the Company's activities were wide ranging and diverse and included the commissioning of the Harry Hotspur statue, Alnwick Town maps, operation of the Centre on Fenkle Street, and the Alnwick Community Centre.

To further the objectives, premises at Green Batt were identified which were subsequently developed into a Youth Hostel. The premises were purchased and developed with the assistance of grant and private sector debt funding. The Youth Hostel was completed in early 2011 and opened officially by Her Majesty the Queen in May 2011. This was part of the ONE Market Town Welcome, a regional tourism development scheme including RDPE funding.

The youth hostel project costs substantially exceeded the original budgeted cost and additional funding was sought from various public and private bodies.

The search for additional funding was unsuccessful and a capital deficit remained which the Trustees established could not be met from within the free reserves of the Trust.

Representatives of the Executive Trustees met with Tait Walker initially on 18 August 2011 to discuss the options available. They reported to the General Trustees at a meeting on the 25 August that the deficit could not be met within current reserves and a process of fund raising and debt re-negotiation was actioned. The Trustees explored many avenues including Northumberland County Council and the local Member of Parliament, Alan Beith, was approached to see if there was any assistance he could offer.

Ultimately, because of the limited time scale and the quantum of the deficit, no additional funds could be raised and a further discussion was held with Tait Walker on 28 August 2011 to explore the insolvency options available.

The Executive Trustees made a final approach to obtain additional finance and contacted Triodos Bank with a view to extending the overdraft. To allow this, the bank required additional security and this was not available.

A General Meeting of all Trustees was held on 8 September 2011 where the financial situation was discussed. It was resolved that the Executive Trustees be empowered to place the Trust into Administration if no financial rescue could be achieved.

A final call for funding was made but was again unsuccessful. The Notice of Intention to Appoint Administrators was filed in Court on 13 September. Following the expiry of the 5 days' notice required to be given to the floating charge holder, and with no additional funding being secured, the Notice of Appointment was filed with the High Court on 21 September 2011.

Gordon S Goldie and Allan D Kelly were therefore appointed Joint Administrators with effect from that date. The appointment permitted the Joint Administrators to take any actions required either jointly or alone.

The Company's recent financial performance is as follows:

	<i>Draft Accounts to 26 August 2011</i>	<i>Draft Accounts to 31 March 2011</i>	<i>Unaudited Accounts to 31 March 2010</i>
<u>Profit & Loss</u>			
Incoming Resources	-	481,732	279,214
Resources Expended	-	294,439	313,414
Net Income/(Expenditure) before Transfers	-	187,293	(34,200)
Funds brought forward	-	260,868	295,068
Date of Accountants Report	-	-	9 July 2010
<u>Balance Sheet</u>			
Freehold Property	927,685	927,685	300,168
Equipment	17,526	17,526	16,388
Current assets	71,913	51,952	95,026
Current liabilities	175,742	245,997	38,148
Loans over one year	612,818	448,180	112,706
Unrestricted Funds	191,975	266,397	221,748
Restricted Funds	36,589	36,589	39,120

Source: Management Accounts Unaudited Account

4. OBJECTIVES OF THE ADMINISTRATION OF THE COMPANY AND THE ADMINISTRATOR'S STRATEGY FOR ACHIEVING THEM

The purpose of an Administration is to achieve one of the three objectives set out in the insolvency legislation, which are to -

- (a) rescue the company as a going concern, or
- (b) achieve a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration); or
- (c) realise property in order to make a distribution to one or more secured or preferential creditors

Objective (a) could not be achieved as no purchaser could be found for the Trust and the nature of the financial circumstances meant that a Company Voluntary Arrangement was not appropriate.

As a result, we are seeking to achieve objective (b) for the Company. Section 5 and 6 provide details of our actions since appointment and our future strategy to achieve this objective.

The insolvency legislation has set a 12 month maximum duration for Administrations, unless the duration is extended by the Court or the creditors. If we are unable to complete the Administration of the Company within 12 months then we will either apply to the Court, or the creditors, in order to seek approval to extending the duration of the Administration.

5. ACTIONS OF THE ADMINISTRATORS FOLLOWING APPOINTMENT

We decided that continued trading would not be feasible due to the limited benefit which would be obtained for the creditors, and the substantial increase in Administrators costs of doing so. We therefore immediately ceased trading of the Company and all employees were dismissed from appointment.

In addition to the Youth hostel at Green Batt, the Company owns three residential properties in Alnwick. We have engaged specialist independent valuers, Storeys SSP of Newcastle upon Tyne, to review the Company's freehold properties and establish the optimum method of disposal to maximise realisations for creditors.

We have continued to allow the tenants of the three residential properties to remain in occupation under the short-hold tenancies previously granted by the Company and will collect the rents as they fall due. Two of the residential properties are currently up to date with their rent whilst the third is substantially in arrears. We are currently seeking to collect the arrears with a possibility of issuing a notice to quit.

ACDT had no formal agreement to occupy the premises at Green Batt. Shortly after appointment, we met with the directors of ACDT. In order to maximise the value of the premises at Green Batt, we granted a licence to occupy to ACDT for 90 days. This will provide time to actively market the property and to discuss the position with those parties who have already expressed an interest.

In respect of the services previously provided by the Company, we have held discussions with various parties to mitigate, where possible, the impact on the local community. This has included:

- Meeting with representatives of Alnwick Town Council to discuss the on-going provision of certain services previously provided by the Company. We have requested that they take over responsibility for certain Trust assets/obligations such as the Market Place street furniture, the Harry Hotspur statue, and the map cases. This discussion is on-going.
- Northumberland County Council undertaking to continue the operation of the Community Centre and employing the staff previously engaged to provide this resource. They have also taken over the operation of The Centre on Fenkle Street.
- North County Leisure taking the sports development officer funded by the Big Lottery, and we are currently assisting with the novation of the on-going grant funding for the post.
- Engaging with other organisations such as Alnwick in Bloom, Alnwick Food Festival and Local Living (NE) to discuss other aspects of the services the Trust provide.

We are in the process of completing the RDPE grant claim forms which, pending their audit and sign off, include the release of any additional funding available. We understand that there may be an additional £20,000 available but there is a potential claw back of VAT reclaimed.

The Company had been waiting for a VAT refund in respect of the input VAT incurred in the development of the Youth Hostel. We have subsequently received this refund in the sum of £92,494.79.

6. PROPOSED FUTURE ACTIONS OF THE ADMINISTRATORS

In order to achieve the objective of the Administration of the Company we propose to sell the freehold properties to realise funds initially for the secured creditors, and any other assets as applicable, by either private treaty or auction (subject to the advice from our agents).

Initial discussions have been held with interested parties and marketing of the properties will begin in the near future.

We will invoice for any services provided and continue to collect outstanding debtors.

We also intend to maintain a dialogue with other social and charitable organisations within the town to attempt to maintain services and mitigate any impact the demise of the Company has on the residents of Alnwick and to ensure maximum realisations for the benefit of the creditors of the Company.

This case is proving to be technically demanding and we have had a number of senior staff involved in the case due to the social and charitable issues involved.

We are aware that there were a number of designated and restricted funds held by the Trust. We are seeking legal advice to ensure the treatment of these funds is in accordance with the objects of the charity and the rights of the creditors.

We are hopeful that the residential property disposals will provide payment in full to the secured creditors.

Preferential creditors in respect of the 3 employees made redundant on 21 September should receive payment in full.

Subject to the values achieved in the property realisations it is anticipated there should be a dividend to the unsecured creditors.

7. ADMINISTRATORS RECEIPTS AND PAYMENTS ACCOUNT

We attach a summary of our receipts and payments relating to the Company for the period from when it entered Administration, 21 September 2011, to the date of these proposals, at **Appendix A**.

RECEIPTS

Our comments on the assets and realisations during the period occurring in the period from 21 September 2011 to 5 October 2011 are provided below. Additional details together with estimated future asset realisations are provided within **Appendix A**.

Land & Property

Formal valuations have been obtained from Storeys SSP in respect of the Company's land and properties.

The property at 34-38 Green Batt is currently estimated to realise £500,000 and the properties at Clive Gardens are estimated to realise £255,000.

Book Debts

On appointment, the Company's ledger indicated gross book debts of £6,605 of which £5,000 are estimated to be realisable.

Book debt collections to 10 October have realised £395.28 (of which £179 28 were direct credits to the Company's bank account)

We will continue to collect the remaining book debts

VAT Refund

A pre-appointment VAT refund of £92,494 79 has been received.

Cash at Bank

HSBC have remitted £28,134.86 which was the balance at bank on appointment

Office Equipment

The office equipment was valued at £2,840 by Messrs James Sutherland & Co (Auctioneers) Limited of Newcastle upon Tyne on a forced sale basis

This has yet to be realised

Rent Arrears

The Company's records indicate rent arrears of £1,958 are due We are unable to quantify the recoverability of the same.

Other Items

Assets Still to be Realised

As noted above, we have yet to realise the freehold properties, the office equipment, all book debts and rent arrears

PAYMENTS & EXPENSES

Our comments on the payments and expenses incurred and/or paid during the period from 21 September 2011 to 5 October 2011 are provided below. Additional details are provided within **Appendix A.**

External Room Hire / Administrators Bond / Postage

The expenses listed above are all category 1 expenses (approval not required) and relate to third party recharges required to administer the case. Further details on the expenses recharge policy of Tait Walker is detailed in **Appendix E - Tait Walker – Statement on Remuneration and Expenses**

Mileage

Whilst the expense listed above is considered a category 1 expense, in line with best practice of certain regulators we are seeking specific approval as a category 2 expense. Further details on the expenses recharge policy of Tait Walker is detailed in **Appendix E - Tait Walker – Statement on Remuneration and Expenses**.

Mileage has been incurred by our staff over the period; however, they have not to date formally submitted claims for the same. Details will be provided in our next report

Pre Appointment Fees & Expenses / Administrator Remuneration

Full details of the above are provided in Section 9

Legal Fees & Disbursements

We have incurred legal fees of £3,500 to Muckle LLP in respect of the licence to occupy granted to ACDT Trading Limited and general legal issues concerning the administration. These costs have not yet been paid.

Auctioneers Fees & Disbursements

We have incurred auctioneers fees of £450 to James Sutherland (Auctioneers) Limited in respect of the valuation of the assets of the Company. This has not yet been paid.

Agents Fees

We instructed Storeys:ssp to value the Company's freehold properties. We have incurred costs of £1,150 which have not yet been paid.

Administrators Bonds

We are required by law to obtain a bond for the value of funds available for unsecured creditors (essentially an insurance policy to protect the assets). The premium for our bond is £336 and has not yet been paid

Insurance

Upon our appointment, we obtained Open insurance cover over the assets of the Company, and general insurances required by law. A representative of our insurers has attended the Company's premises. We are currently engaging with the existing insurers to ensure appropriate cover is maintained

No details of the insurance premium from appointment to date have been received from our insurer

8. FINANCIAL POSITION AND DIVIDEND PROSPECTS

FINANCIAL POSITION

We have requested the directors to prepare a summary of the Company's estimated financial position as at 21 September 2011, which is known as a Statement of Affairs, but we have not yet received it. We understand that the reason for the delay is the provision of the anticipated realisable values of the freehold properties which have only recently been received.

Therefore to provide creditors with an indication of the financial position of the Company, we have prepared an estimate of the financial position of the Company as at 21 September 2011 which is attached at **Appendix B**, together with a list of names and addresses of all known creditors, and the amounts of their debts.

Our comments on the Company's estimated financial position are included within section 6 and **Appendix B**.

The figures are estimated and have been compiled from information and statements extracted from the Company records, and may change subject to receipt of the formal Statement of Affairs; information provided by creditors; the actual realisation of the assets, and the final quantification of liabilities. The figures do not include a provision for the costs and expenses of the Administration nor the costs of any subsequent insolvency procedure following Administration.

DIVIDEND PROSPECTS

The forecasting of the estimated dividend is highly speculative until the Administration is complete and these estimates are provided without liability purely to assist creditors.

Any dividends are subject to the realisation of assets and quantification of liabilities which may differ from that disclosed in the estimated financial position and is provided prior to any costs associated with the Administration or subsequent insolvency procedures, if applicable.

Secured Creditor

The assets of the Company are subject to a debenture dated 13 January 2009 in favour of Lloyds TSB Bank Plc ("Lloyds"). This debenture gives fixed and floating charges to Lloyds over the assets of the company. Lloyds also have a first legal charge over the properties in Clive Gardens.

At the date of our appointment, Lloyds was owed £115,000. We have not yet had confirmation of the validity of the charge.

On the basis of current information, and on the basis of a valid charge, it is likely that realisations will be sufficient to pay Lloyds in full from the realisation of the residential properties.

Northumberland Estates Limited also has a second legal charge over the properties in Clive Gardens. The charge was created on 11 November 2010. At the date of our appointment Northumberland Estates Limited were owed £100,000. We have not yet had confirmation of the validity of the charge.

On the basis of current information, and on the basis of a valid charge, it is likely that realisations will be sufficient to pay Northumberland Estates Limited in full from the realisation of the residential properties

Triodos Bank NV hold a legal mortgage created 11 November 2010 secured on the Youth Hostel at 34-38 Green Batt, Alnwick. The mortgage balance outstanding at the date of appointment was £400,000. We have not yet had confirmation of the validity of the charge.

Triodos Bank NV also provided an overdraft facility and the balance stood at £99,777 on the date of our appointment. We understand that this facility is also secured by the legal mortgage.

On the basis of information, and on the basis of the validity of the charge, we would anticipate that the Triodos Bank mortgage would be paid in full from the sale of the Youth Hostel and a significant proportion of the overdraft would be repaid

Northumberland County Council has a second legal charge on the property in Green Batt We are awaiting confirmation of the validity of the charge and the specific terms for repayment. On the basis of current information we do not believe there will be sufficient realisations from the Youth Hostel property to repay Northumberland County Council in full

Preferential Creditors

The only known preferential creditors are 3 former employees of the Company for unpaid wages and holiday pay. Their claims are subject to a maximum limit of £800 set by the insolvency legislation.

Preferential claims are currently estimated at £2,400. On the basis of current information, it is likely that realisations will be sufficient to pay the preferential creditors in full

Unsecured Creditors

Total unsecured claims are estimated to total some £223,165 excluding any amounts in respect of grant claw back claims

There are provisions of the insolvency legislation that require an Administrator to set aside a percentage of a Company's assets for the benefit of the unsecured creditors in cases where the Company gave a "floating charge" over its assets to a lender on or after 15 September 2003 This is known as the "prescribed part of the net property." A Company's net property is that left after paying the preferential creditors, but before paying the lender who holds a floating charge An Administrator has to set aside:

- 50% of the first £10,000 of the net property; and
- 20% of the remaining net property up to a maximum of £600,000

The Company gave a fixed and floating charge to Lloyds on 13 January 2009 The money due to Lloyds should be fully repaid from the fixed charge they hold over the properties at Clive Gardens As a result, we will not have to pay them any money under their floating charge, and the prescribed part provisions will not apply.

On the basis of current information, it is likely that realisations will be sufficient to pay the unsecured creditors a dividend although we are not yet able to ascertain with any certainty the level of dividend

9. ADMINISTRATOR'S REMUNERATION AND EXPENSES

The approval of the basis of our remuneration as Administrators (and category 2 expenses) forms part of these proposals for which approval is being sought that are set out at Section 13 below, but if a creditors' committee is appointed at the forthcoming meeting of creditors then we will seek approval from that committee instead.

To the date this report is prepared, our time costs amount to £11,458.60, representing 54 hours work, at an average charge out rate of £212.19. **Appendix C** contains information about our remuneration as administrator and expenses, including the total time spent on the affairs of the Company for the period from when it entered Administration, 21 September 2011, to the date of these proposals, and the cost of that time based on the charge out rates of the staff undertaking the work.

Please go to <http://insolvency.taitwalker.co.uk/fee-guidance> for the "Creditors' Guide to Fees" if you require further information relating to Administrator's Remuneration. Alternatively, a copy is available free of charge upon request from Tait Walker Advisory Services LLP, Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne NE3 3LS (email. recovery@taitwalker.co.uk), or telephone 0191 285 0321.

A copy of Tait Walker – Statement on Remuneration and Expenses is attached at **Appendix E** which provides further information on the charge out rates and expenses recovery policy of Tait Walker, and outlines general tasks undertaken by the Administrators

PRE-APPOINTMENT REMUNERATION AND COSTS

We first met with the Directors on 18 August 2011 and again on the 8 September 2011 when we attended a full Trustee meeting to provide advice in respect of the insolvent position of the Company. Following this meeting the Executive Trustees were empowered to formally engage us to assist in placing the company into administration. We met with the board on 13 September 2011. Our terms of engagement were issued on the same date and approved on 13 September 2011.

Our engagement with the company included the basis of our remuneration for services provided in the period prior to the administration. The board agreed with our request that we be remunerated on a time cost basis.

In the period prior to our appointment as Administrators on 21 September 2011, we spent 37 hrs 36 minutes at a cost of £8,096.20 (an average hourly rate of £215.32) relating to the following:

- Statutory planning work in relation to the appointment of Administrators, including internal compliance and money laundering procedures;
- Meeting the trustees and providing advice as to the insolvency options available to the Company
- Discussions with the company directors regarding the appointment;
- Discussion with lawyers and advisors regarding potential legal issues, asset security following appointment, and strategy; and
- Planning for actions immediately following appointment to ensure that assets would be safeguarded, and staff resources would be available.

We consider that £7,394 20 of the time spent on these matters was required for the purposes of the Administration. We are not seeking to recover the residual time of £702 and this will be written off.

We attach at appendix **Appendix D** a detailed time cost table showing the pre-appointment time costs incurred by category and staff grade at our firm.

In addition to our own time costs, the following costs were incurred and costs that were paid prior to the administration and those where approval is being sought to pay them from administration funds.

The following pre-appointment costs have been incurred and have / will be paid by Tait Walker

<u>Description</u>	<u>£</u> <u>Incurred in prior to</u> <u>appointment</u>	<u>£</u> <u>Paid in period of the</u> <u>report</u>	<u>£</u> <u>Total paid to 5 October</u> <u>2011</u>	<u>£</u> <u>Outstanding / Unpaid</u>
Swearing Fees	20 00	20 00	20 00	0 00
Court Fee	35 00	35 00	35 00	0 00
HM Land Registry	4 00	4 00	4 00	0 00
TOTAL	59 00	59 00	59 00	0 00

No professional advisors were instructed in the period prior to our appointment.

If a committee is appointed at the meeting of creditors, we will initially seek approval from the committee for payment of the pre-appointment fees and expenses that have not yet been paid. If the committee does not approve those fees, or it approves the fees at a level that we feel is insufficient, we may seek approval from a further meeting of creditors or failing that, from the court.

If a committee is not appointed, then since the pre-appointment fees and expenses that have not yet been paid cannot be approved within these proposals, we will be seeking a separate resolution to approve them at the meeting.

Further Information on Remuneration and Expenses

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the administrator's remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the administrator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

10. ADMINISTRATORS INVESTIGATIONS

We have a duty to consider the conduct of those who have been directors or shadow directors of the Company at any time in the three years preceding the Administration. As part of these investigations we are obliged to file a report with the Insolvency Service, the contents of which are confidential.

We are 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, or whether antecedent transactions including Transactions at an Undervalue; Preferences, or Transactions to Defraud Creditors, have occurred

Should you have any information that you consider will assist us in this duty please provide details to us in writing. We would stress that this request for information forms part of our normal investigation procedure and does not imply any criticism or cause of action against any person concerned with the management of the Company

11. EC REGULATION ON INSOLVENCY PROCEEDINGS

We consider that the EC Regulation on Insolvency Proceedings apply to the Administration of the Company. We also consider that they are "main" proceedings since the Company's registered office and its trading address are in the United Kingdom.

12. EXITING THE ADMINISTRATION

There are a number of options available to us to exit the Administration

We consider that the most appropriate options to exit the Administration will be either dissolution of the Company, or move into Creditor's Voluntary Liquidation.

We have concluded that once the outstanding matters of the Administration have been finalised and, following payment of a dividend (as applicable), that dissolution of the Company will be the most appropriate method to exit the Administration.

We have however, retained the option to allow us to move the Company into Creditor's Voluntary Liquidation. This is to allow us flexibility within the exit route in the event matters relating the Administration would be better served by utilising this process, should this prove appropriate at the time.

13. ADMINISTRATORS PROPOSALS

In order to achieve the objective set out above, as Administrators of the Company we formally propose to creditors that

- We continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that we
 - sell the Company's assets at such time(s) on such terms as we consider appropriate,
 - investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company which supplies or has supplied goods or services to the Company; and
 - do all such things and generally exercise all our powers as Administrators at our discretion if we consider it desirable or expedient in order to achieve the purpose of the

administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals

- The Administration of the Company will end by filing notice of dissolution with the Registrar of Companies. The Company will then automatically be dissolved by the Registrar of Companies 3 months after the notice is registered. **OR** The Administration will end by placing the Company into Liquidation (either Creditors Voluntary or Compulsory) and propose that we, Gordon Smythe Goldie and Allan David Kelly or Tait Walker Advisory Services LLP are appointed the Joint Liquidators of the Company, and that we will act jointly and severally in our duties. Creditors may nominate a different person(s) as the proposed liquidator(s), but you must make the nomination(s) at any time after you receive these proposals, but before they are approved. Information about the approval of the proposals is set out at Section 14
- We are remunerated by reference to time properly spent by us and our staff in dealing with matters relating to the Administration of the Company, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time it was undertaken. Details of the current charge out rates for Tait Walker Corporate Recovery are outlined in **Appendix E** of these proposals
- We be authorised to draw category 2 expenses as outlined in **Appendix E** of these proposals, as appropriate
- The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Schedule B1 of the Act in respect of any action of theirs as Administrator when they cease to be Joint Administrators at a time fixed by the secured and/or preferential creditors or 7 days after the filing of the their final progress report with the Registrar of Companies, or as approved by the Court.

14. APPROVAL OF PROPOSALS

We are holding a meeting of creditors to enable creditors to consider and vote on our formal proposals to achieve the objective of the Administration of the Company. The meeting will be held on 26 October 2011 at the Newcastle Marriott Hotel, High Gosforth Park, Newcastle upon Tyne, NE3 5HN at 11:00am, and a formal notice about the meeting is enclosed with these proposals.

We also enclose a proxy form and a proof of debt form for your use at the meeting of creditors. As a creditor you can only vote if you complete and send these forms to us and your claim is admitted. We must receive your completed forms by no later than noon on the business day before the day of the meeting. You are not required to attend the meeting, and non-attendance will not affect your rights against the company. Creditors whose claims are wholly secured are not entitled to vote, but can attend or be represented at the meeting.

The meeting of creditors will be given the opportunity to appoint a creditors' committee. A committee is made up of between three and five representatives of creditors who will then meet me on a regular basis to discuss the Administration of the Company. If a committee is appointed then it will be for them to approve our remuneration (and category 2 expenses). If a committee is not appointed then approval of our remuneration (and category 2 expenses) will be considered as part of these formal proposals

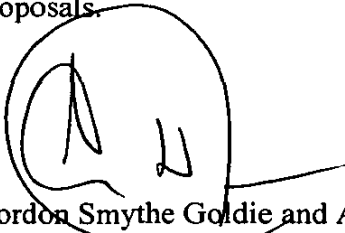
The resolutions are listed on the attached form of proxy and will be presented to creditors in the following order

1. The approval of the Administrators' proposals;
- 2 Whether the creditors consider it appropriate to form a Creditors Committee; and
- 3 The approval of the pre appointment remuneration and costs

15. FURTHER INFORMATION

Subject to the approval of our proposals we will report on the progress again in six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.

If you require further information relating to these proposals, an explanation of the purpose of the meeting and what is being proposed, or the Administration of the Company in general, please contact Katy Ellis or Andrew Little on the telephone number shown in the covering letter enclosing these proposals.



Gordon Smythe Goldie and Allan David Kelly
Joint Administrators

Licensed to act as Insolvency Practitioners in the United Kingdom by the Institute of Chartered Accountants in England & Wales

APPENDIX A

Asset or Realisation	Estimated to Realise £	Realised in period 21 September 2011 to 10 October 2011 £		Realised in prior periods £	Total Realised £	Still to be realised (estimate) £
Land & Property	755,000 00	0 00	0 00	0 00	755,000 00	
Office Equipment	2,840 00	0 00	0 00	0 00	2,840 00	
VAT Refund	92,494 79	92,494 79	0 00	92,494 79	0 00	
Cash at Bank	28,134 86	28,134 86	0 00	28,134 86	0 00	
Book Debts	5,000 00	216 00	0 00	216 00	4,604 72	
Rent Arrears	1,958 00	0 00	0 00	0 00	1,958 00	
ACDT Trading Account	1,862 00	0 00	0 00	0 00	1,862 00	
VAT	0 00	0 00	0 00	0 00	0 00	
Total	887,289.65	120,845.65	0.00	120,845.65	766,264.72	

Payment or Incurred Expense	Incurred in period of report	Paid in period 21 September 2011 to 10 October 2011		Paid in prior periods	Total Paid	Outstanding / Unpaid
Pre Appointment Fees	0 00	0 00	0 00	0 00	7,394 20	
Pre Appointment Expenses	0 00	0 00	0 00	0 00	59 00	
Pre Appointment Legal Fees	0 00	0 00	0 00	0 00	0 00	
Pre Appointment Legal Disbursements	0 00	0 00	0 00	0 00	0 00	
Administrators Remuneration	11,458 60	0 00	0 00	0 00	11,458 60	
External Room Hire	0 00	0 00	0 00	0 00	0 00	
Legal Fees	3,500 00	0 00	0 00	0 00	3,500 00	
Legal Disbursements	0 00	0 00	0 00	0 00	0 00	
Auctioneers Fee - Valuation	450 00	0 00	0 00	0 00	450 00	
Land Agents Fees - Valuation	1,150 00	0 00	0 00	0 00	1,150 00	
Book Debt Collection Fees	0 00	0 00	0 00	0 00	0 00	
Travel & Subsistence	30 80	0 00	0 00	0 00	30 80	
Postage	19 80	0 00	0 00	0 00	19 80	
Statutory Advertising	0 00	0 00	0 00	0 00	0 00	
Insurance	0 00	0 00	0 00	0 00	0 00	
Administrators Bond	336 00	0 00	0 00	0 00	336 00	
Bank Charges	0 00	0 00	0 00	0 00	0 00	
Rent/License Fee	0 00	0 00	0 00	0 00	0 00	
VAT	0 00	0 00	0 00	0 00	0 00	
Total	16,945.20	0.00	0.00	0.00	24,398.40	

Balance at Bank **120,845.65**

Alnwick Community Development Trust Limited

Estimated Financial Position as at 21 September 2011

Assets	Book Value £	Estimated outcome £
Assets subject to fixed charge.		
Freehold Property 34 - 38 Green Batt	627,517	500,000
Triodos Bank mortgage	(400,000)	(400,000)
Triodos Overdraft	(100,000)	(100,000)
Northumberland County Council charge	(157,350)	(157,350)
Shortfall to Northumberland County Council	-29,833	-157,350
Freehold Property Clive Gardens	300,168	255,000
Lloyds TSB Bank mortgage	(115,000)	(115,000)
Northumberland Estates Legal Charge	(100,000)	(100,000)
Surplus to unsecured creditors	85,168	40,000
Assets subject to floating charge:		
Office Equipment	17,526	2,840
Book debts	6,605	5,000
Cash at Bank	28,135	28,135
VAT Refund	92,495	92,495
ACDT Trading Inter Company Account	1,862	1,862
Grants	20,000	0
Rent arrears	1,959	0
Estimated total assets available for Preferential Creditors	168,582	130,332

Alnwick Community Development Trust Limited

Estimated Financial Position as at 21 September 2011

Liabilities		Book Value £	Estimated outcome £
Liabilities	Preferential Creditors		
	Employee Arrears / Holiday Pay	0	(2,400)
Estimated surplus after Preferential Creditors		168,582	127,932
Prescribed Part		n/a	n/a
Floating Charge Holder - repaid by fixed charge realisations		0	0
Total assets available to unsecured creditors		253,750	167,932
Unsecured non preferential claims			
	Trade & Expense Creditors	147,165	147,165
	Employees	20,000	20,000
	RDPE Grant claw back re VAT	33,000	33,000
	HM Revenue & Customs - PAYE	15,000	15,000
	Deficit on fixed charges	29,833	157,350
	Party Wall Award	8,000	8,000
	Potential grant claw back claims	Uncertain	Uncertain
Estimated surplus / (deficiency) as regards non preferential creditors		Uncertain	Uncertain

NOTES TO THE ESTIMATED FINANCIAL POSITION

Land and buildings

The Company's land and buildings were valued by Storeys: SSP of Newcastle upon Tyne. We will look to dispose of the premises in accordance with our agent's guidance.

Book Debts

The realisable value given to book debts takes into account no known bad debts and estimates that 75% of other debts will be paid in full.

Plant and Machinery / Furniture & Fittings

Chattel assets were valued by Messrs James Sutherland & Co (Auctioneers) Limited of Newcastle upon Tyne. James Sutherland & Co (Auctioneers) Limited are members of the National Association of Valuers & Auctioneers. The basis of the valuation included within this report is the estimated restricted realisable value.

Prepayments

It is not considered that any prepayment will be recoverable.

Preferential creditors

The only known preferential creditors are former employees of the Company for unpaid wages, holiday pay and pay in lieu of notice. Their claims are subject to a maximum limit set by the insolvency legislation.

Certain of the employee claims will be discharged through the National Insurance Fund, and the fund will have subrogated claims for any amounts paid to the employees.

Unsecured Creditors

The amounts due to unsecured are taken from the books and records of the Company, and are stated inclusive of VAT. Inclusion does not constitute an admission that there is now or has been in the past any legal liability upon the Company of the whole or part of the amount shown.

Costs & Other Information

The above figures are estimates and do not include a provision for the costs and expenses of the Administration, including Administrators remuneration, capital gains taxation, legal, and agents' fees etc or any subsequent insolvency procedure.

Table of time spent and charge out value from 21 September 2011 to 10 October 2011

Time is recorded in units of 0.10 of an hour (i.e. 6 minute units).

Classification of Work Function	Hours					Total Hours	Time Cost £	Average Hourly Rate
	Partner	Associate	Manager	Other Assistants & Professionals	Admin & Support Staff			
Admin & Planning	0 00	0 00	0 40	4 20	4 60	9 20	1,073 70	116 71
Correspondence	0 00	1 50	0 00	0 00	0 00	1 50	390 00	260 00
Creditors	3 30	0 00	0 00	0 80	1 50	5 60	1,173 40	209 54
Debtors	0 00	0 00	0 00	1 00	0 00	1 00	128 00	128 00
Employees	0 80	0 00	0 00	4 50	0 00	5 30	800 00	150 94
Other Matters	8 80	4 10	0 00	0 00	0 00	12 90	3,530 00	273 64
Realisation of Assets	4 10	6 40	0 00	0 00	0 00	10 50	2,812 00	267 81
Statutory Matters	0 60	1 70	0 50	3 80	0 00	6 60	1,213 90	183 92
Retention of Title	0 00	1 20	0 00	0 20	0 00	1 40	337 60	241 14
Total	17 60	14 90	0 90	14 50	6 10	54 00	11,458 60	

A copy of Statement of Insolvency Practice 9 - A Guide to Administrators Fees can be downloaded from <http://insolvency.taitwalker.co.uk/fee-guidance> or provided upon written request from this office. A copy of Tait Walker - Statement on Remuneration and Expenses in Insolvency Proceedings which details the charging and expenses recovery policy of Tait Walker, and also details the matters typically dealt with in the categories above.

Table of Tait Walker time spent and charge out value in the period prior to the Administrators appointment

Time is recorded in units of 0.10 of an hour (i.e. 6 minute units)

Classification of Work Function	Hours					Total Hours	Time Cost £	Average Hourly Rate
	Partner	Associate	Manager	Other Assistants & Professionals	Admin & Support Staff			
Admin & Planning	4 80	0 00	0 10	7 10	0 20	12 20	2,291 00	187 79
Realisation of Assets	0 00	2 70	0 00	0 00	0 00	2 70	702.00	260 00
Statutory Matters	2 30	14 00	0 00	6 40	0 00	22 70	5,103 20	224 81
Total	7 10		0 10	13 50	0 20	37 60	8,096 20	215 32

A copy of Tait Walker - Statement on Remuneration and Expenses in Insolvency Proceedings which details the charging and expenses recovery policy of Tait Walker, and also details the matters typically dealt with in the categories above

TAIT WALKER CORPORATE RECOVERY - STATEMENT ON REMUNERATION AND EXPENSES IN INSOLVENCY PROCEEDINGS

INTRODUCTION

The insolvency legislation was changed in April 2010 for insolvency appointments commenced from that time in order to allow more flexibility on how an office holder's fees are charged to a case. This sheet explains how we may apply the alternative fee bases. The new legislation allows different fee bases to be used for different tasks within the same appointment. The basis or combination of bases set for a particular appointment are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the court.

Further detail about how an office holder's fees are approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9). A copy of these guides can be accessed and downloaded from <http://insolvency.taitwalker.co.uk/fee-guidance>. Alternatively a hard copy may be requested from Tait Walker Corporate Recovery (A division of Tait Walker Advisory Services LLP), Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne NE3 3LS or recovery@taitwalker.co.uk

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration drawn and time costs incurred and will also enable the recipients to see the average rates of such costs. Under the new legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

Under the old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.

POLICY

In order to maximise the cost effectiveness of the work performed it is Tait Walker Corporate Recovery's normal policy to delegate certain tasks within the case to members of their staff subject to their experience and specialist skills with the provision of supervision as appropriate. Matters deemed to be complex or of significance will be dealt with by senior members of staff or the license holder.

Time Cost Basis

This is the basis that we use in the majority of cases and we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken. All staff who work on this assignment, including case support (such as cashiers and secretarial staff etc) charge time directly to the assignment and are included within any analysis of time. The costs of any central Tait Walker administration or general Tait Walker overhead costs are not charged directly to the assignment but are reflected in the general level of charge out rates.

The rates vary between individuals of each grade reflecting experience and qualification. Charge out rates may be revised periodically to cover and are adjusted to take account of inflation and the firm's overheads. In cases deemed to be particularly complex revised rates will be presented to creditors. The maximum current charge out rates per grade are currently:

<u>Grade</u>	<u>Rate (£) per hour</u> <u>(effective from 1 Apr 09)</u>	<u>Rate (£) per hour</u> <u>(Previous rate (£) from Jun 08)</u>
Partner	280	260
Associate / Director	250	240
Manager	240	210
Case Handler / Administrator	150	140
Case support staff	96	90

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Each unit of time is 6 minutes. The work is recorded under the following categories including Administration and Planning, Investigations, Realisation of assets, Debtors, Creditors, Employee matters, and Trading.

Percentage Basis

The new legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal. Different percentages can be used for different assets or types of assets. Where we would like to realise any asset or type of assets on a percentage basis we will provide further information explaining why we think that this basis is appropriate and ask creditors to approve the basis.

Fixed Fee Basis

The new legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. Where we would like to charge a set amount for a task or different set amounts for different tasks we will provide further information explaining why we think that this basis is appropriate and ask creditors to approve the basis.

All Bases

The officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

AGENT'S COSTS

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes

- Solicitors / Legal Advisors
- Auctioneers / Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

DISBURSEMENTS

As part of our disclosure requirements the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2

Category 1 expenses - are directly referable to an invoice from a third party, which is either in the name of the estate or Tait Walker Advisory Services LLP (or a partner / employee of the same), in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. These expenses may include, but are not limited to case advertising, money laundering fees, company search fees, specific penalty bond, identifiable telephone calls, postage at cost, external document storage, external room hire, external printing, invoiced travel, and properly reimbursed expenses incurred by Tait Walker and its employees in connection with the case. Obtaining a specific penalty bond and advertising are disbursements that are required in each case as a result of statutory obligations imposed on the Insolvency Practitioner.

Category 2 expenses - are incurred by Tait Walker Advisory Services LLP and recharged to the estate, they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, mileage at approved Inland Revenue scale rates, and internal storage. With the exception of photocopying, Tait Walker Advisory Services LLP do not typically recharge expenses and disbursements which include an element of shared or allocated costs of internal facilities such as stationery, room hire, communication facilities, printing, internal document storage etc. Tait Walker may recharge photocopying at up to 3p per sheet.

TYPICAL TASKS UNDERTAKEN

Matters typically dealt with in the respective time breakdown categories during an insolvency procedure may include, but are not limited to, the following. It should be noted that every insolvency case is different, and certain items may not be applicable to this case.

Administration & Planning

Cash strategy and planning, cashing, banking, bank reconciliations, obtaining specific bond and ongoing bond maintenance, any general insurance, uplift and ongoing maintenance of company books and records, filing, internal case progression reviews, case updates, and internal case meetings.

Correspondence

All general correspondence excluding specific correspondence relating to other categories.

Investigations

Collation and review of directors questionnaires, review of any matters raised by the creditors concerning the conduct of the directors, review of all recent bank transactions undertaken by the company, review of any transactions between the company and associated parties, review of the assets listed in the statement of affairs with the last available statutory accounts, collation of information and submission of a report on all directors in the 3 years prior to liquidation under the Company Directors Disqualification Act 1986.

Additional investigations may also be undertaken in specific items at the request of the creditors committee (if any), and antecedent transactions including preferences, transaction at undervalue, misfeasance, breach of fiduciary duties etc.

Debtors

Transfer of debtors ledger onto our software, reconciliation of debtors ledger and identification of any refunds, claims, collection of supporting evidence including invoices, proof of delivery, orders etc, corresponding with debtors to collect debts, review and assessment of any responses and/or counterclaims / disputes, general contact with debtors, instruction, liaison and correspondence with solicitors or debt collection agents, liaison with any invoice discounter or factor, and negotiation of any settlement.

Realisation of Assets

All other assets excluding debtors including property (freehold and leasehold), intangible assets (intellectual property, patents, goodwill, copyrights etc) and chattel assets (e.g. furniture & equipment, stock, cash at bank, plant & machinery, work in progress, vehicles, computer equipment etc). Our work includes the preservation of such assets (arranging insurance, security etc), site visits, complying with fire brigade and insurer requirements (e.g. draining of heating system), arranging collection, preparation of sales particulars, liaising with valuers and agents, assessing and negotiating potential offers, and instructing and liaising with solicitors and reviewing any sale contract.

Reservation of Title

Dealing with all third party assets (including reservation of title, hire purchase, consignment stock, leased assets etc) Our work includes identification of third party assets, reviewing any agreement associated with the assets, corresponding with the claimant, stock taking, arranging and managing uplift of the assets, surrender or disclaiming onerous leases / assets, submission of returns to Registrar of Companies and third parties following disclaimer, and, instructing and liaising with solicitors re challenged claims

Statutory Matters

Undertaking and dealing with statutory matters required to comply with the various legislation concerning an insolvency including preparation and holding of creditors meeting, preparation of report/letters to creditors following appointment, submission of returns to Registrar of Companies and/or Court, preparation of adverts for insert in Gazette / newspaper, preparation of proposals, preparation of progress reports for creditors including receipts and payments, preparation of final reports including receipts and payments, together with the holding of final meetings, preparation of reports and updates for the Creditors Committee, together with any meetings required therein

Creditors

Dealing with all classes of creditors

Secured confirming validity of security, reporting to secured creditor, ongoing communication with secured creditor, review of any claim and distribution thereunder, and instructing and dealing with solicitors

Preferential identifying and notifying potential preferential creditors of ability to claim, review of calculation of preferential claim, ongoing communication with preferential creditors, review and adjudication of preferential claims, and, calculation and payment of dividend (if applicable)

Unsecured identifying and notifying unsecured creditors of ability to claim, submission of pre appointment VAT returns, ongoing communication with unsecured and potential unsecured creditors, dealing with potential pension creditor, recording of unsecured claims, review and adjudication of unsecured claims, and, calculation and payment of unsecured dividend (if applicable)

Employees

Notifying of appointment, issuing redundancy notices, and making employees redundant, assistance in completion of relevant forms to make claim from National Insurance Fund, calculation of outstanding entitlement, collation of claim forms and submission to National Insurance Fund, and ongoing employee correspondence

Trading

Assessment of suitability to trade including preparation of profit and cash flow forecasts, company resources, risk analysis etc, assessing ongoing terms of trade with customers and suppliers, ongoing site presence to monitor and supervise trading, dealing with employees, customers and suppliers, internal reviews to assess ongoing trading, dealing with duress creditors, dealing with health & safety and legislative issues, liaising with insurers, instructing and liaising with solicitors, preparation of trading reports, reporting to funders / secured creditors, and dealing with trading compliance such as VAT, PAYE etc

Other Matters

Items which would not normally fall into any of the above categories including travel, taxation (including processing of any post appointment returns to HMRC in respect of VAT, Corporation Tax etc), director correspondence (to the extent it is not within the other categories), general government returns, and miscellaneous items

PROPOSALS

10 October 2011

Summary

Company	Alnwick Community Development Trust Limited
Type of Insolvency	Administration
Administrators Appointed	Gordon Smythe Goldie and Allan David Kelly
Date of Appointment	21 September 2011
Registered Office	Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS
Trading Address	The Centre, 27 Fenkle Street, Alnwick, Northumberland, NE66 1HW
Principal Activity	Charitable Development Trust for Alnwick and surrounding areas

Dividend Prospects

	Current Estimate p in £	Previous Estimate p in £
Preferential	100	n/a
Unsecured	Uncertain	n/a

Please note that estimated outcomes are illustrative only and are dependent upon asset realisations and creditor claims, and should not be relied upon as guidance to the final outcome for creditors. You should seek your own guidance in respect of any bad debt provision.

PROOF OF DEBT - GENERAL FORM

**In the matter of Alnwick Community Development Trust Limited (In
Administration)
and in the matter of The Insolvency Act 1986**

Date of Administration Order 21 September 2011

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show - (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

Alnwick Community Development Trust Limited

Name of Creditor _____

Address _____

Name of Proxy Holder

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

1 _____

2 _____

3 _____

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on 26 October 2011, or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion)

Voting Instructions for resolutions

*Please tick box as appropriate

	For*	Against*
1 That the Administrators proposals be approved		
2 That a creditors committee is NOT formed, or That _____ representing _____ be appointed as a member of the creditors' committee		
3 The pre appointment remuneration and costs as detailed in the proposals be approved		

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

Remember there may be resolutions on the other side of this form