

2.17B

The Insolvency (Northern Ireland) Order 1989
Statement of Administrator's Proposals

Name of Company
 Keep Protective Coatings Limited

Company Number
 NI 605366

In the High Court of Justice in Northern Ireland
 Chancery Division (Company Insolvency)

Court Case Number
 2014/16346

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

I/~~We~~ (a) Nicholas McKeague
 McKeague Morgan & Co
 27 College Gardens
 Belfast, BT9 6BS

* delete as applicable

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

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

(b) Insert date

(c) 5th February 2015

Signed:

N McKeague
 Administrator

Date:

6th February 2015

Contact Details:

You do not have to give contact information in
 the box opposite but if you do, it will help
 Companies Registry 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 records

McKeague Morgan & Co
 27 College Gardens
 Belfast
 BT9 6BS

Tel: 02890 381520

When you have completed and signed this form please send it to the
 Registrar of Companies at the Companies Registry for Northern Ireland.

THURSDAY



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JNI

12/02/2015

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COMPANIES HOUSE

**KEEP PROTECTIVE COATINGS LIMITED -
IN ADMINISTRATION
("the company")**

**CASE NO 16346 of 2014
HIGH COURT OF JUSTICE IN NORTHERN
IRELAND, CHANCERY DIVISION**

**ADMINISTRATOR'S PROPOSALS FOR
ACHIEVING THE PURPOSE OF THE
ADMINISTRATION**

CONTENTS

Section

- 1 Purpose of this document
- 2 The Administrator's statement of proposals
 - A) Brief history of the company and summary of the Administrator's actions to date
 - B) Proposals for achieving the purpose of administration
 - C) Statement of Affairs
 - D) Statutory and other information

Appendices

- A Statement of Affairs
- B Schedule of creditors
- C Creditors guide to Administrators' fees

KPC----Keep Protective Coatings Limited
IO89----The Insolvency (Northern Ireland) Order 1089
IR91----The Insolvency Rules (Northern Ireland) 1991
Sch B1 -Schedule B1to the Insolvency (Northern Ireland) Order 1989

KEEP PROTECTIVE COATINGS LTD – IN ADMINISTRATION

1. Purpose of this Document

101. I wrote to all creditors on 23 December 2014 to explain that Keep Protective Coatings Limited (“the company”) had entered into Administration and that I had been appointed Administrator on 16th December 2014.
102. I was appointed Administrator to manage the affairs, business and property of the company. I will act until such time as my proposals for achieving the purpose of the administration have been agreed by the creditors and implemented, following which the Administration will be ended.
103. The purpose of administration is to achieve the following objectives:
 - a) Primarily, rescuing the company as a going concern, or failing that;
 - 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 in Administration), or finally;
 - c) Realising property in order to make a distribution to one or more secured or preferential creditors.
104. For the reasons detailed in this report objective (b) is being pursued, as it was not practical to rescue the company as a going concern.
105. This document and its appendices form the Administrators statement of proposals for achieving the purpose of the Administration as required by Paragraph 50 of Schedule B1 of the Insolvency (Northern Ireland) Order 1989.
106. As detailed in Section 2, based on the information available to date ,I have formed the view that the company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of any Prescribed Part as provided for by Paragraph 150A to 89. Accordingly, by virtue of Paragraph 53(1) Sch B1, a meeting of creditors is not required to be convened and is not being convened at this time.
107. In accordance with Rule 2.034(5) IR91, my proposals will be deemed to have been approved by creditors unless a meeting of creditors is requisitioned in the prescribed manner by at least 10% in value of the creditors within 12 days of the date on which these proposals are circulated.
108. If you have any concerns or questions regarding the background to this case or what is being proposed, please do not hesitate to contact Nicholas McKeague on 02890381520.

Nicholas McKeague has been appointed Administrator of the company to manage its affairs, business and property as its agent and he acts without personal liability. Nicholas McKeague is licensed to act as an Insolvency Practitioner by the Institute of Chartered Accountants in Ireland

KEEP PROTECTIVE COATINGS LTD - IN ADMINISTRATION

2. The Administrator's statement of Proposals

A. Brief history and summary of the Administrator's actions to date

Background

201. The company was incorporated on 3 December 2010. Its registered office and trading address was Unit 4 James Park, Mahon Road, Portadown BT62 3EH. The Director of the company was William Truesdale. The shares in the company were held by Carnegie Venture who owned 100% of the ordinary share capital. The company's activities included blast cleaning, protective coatings, thermal metal spraying and fire protection.

The circumstances giving rise to the Administrator's appointment

202. The company initially traded successfully from a small client base, in 2012 a dispute with their main customer resulted in a significant drop in turnover and failure to recover an outstanding debtor balance in excess of £40k. In 2013 the company secured what they understood to be a major contract with Mc Grath Brothers Engineering Limited in Lisburn, they had estimated a requirement for supplies and services in excess of £100k per month over a 2 year period. KPC quoted at a very competitive price on the basis of their projected high volume through put, the actual level of business generated on this contract however was less than half of that estimated and this resulted in ongoing losses being incurred over the duration of the contract.
203. Given the challenges associated with the ongoing recession and the adverse impact of the losses referred to above on cash flow, the company fell behind with its payments in respect of Vat and Paye. HMRC issued distraint proceedings in 2014 and as a result sundry items of plant and equipment were uplifted. The main items of plant represented paint spraying equipment and compressors which were not owned by the company and were hired in. The company ceased to trade in September 2014 when it became apparent that there was no possibility that the outstanding Revenue debt could be paid. The customers and the workforce were taken over by KP Coatings Limited.
204. It was considered that the appointment of an Administrator was the best option for maximising recoveries from the disputed debtor balances outstanding. At the request of the secured lender I was appointed Administrator of the company on 16th December 2014.

The manner in which the company's affairs have been managed and financed

205. Immediately on appointment, I reviewed the different options available in order to maximise asset realisations and ultimately the return for creditors as a whole. It is now apparent that the debtor balances are subject to dispute and counterclaims with no prospect of recovery. The only funds available are a bank balance of approximately £5k.

KEEP PROTECTIVE COATINGS LTD – IN ADMINISTRATION

206. As noted above, objective (b) is being pursued as it was not reasonably practical to rescue the company as a going concern.

Dividend Prospects

Secured Creditors

207. Mr Alistaire Mc Sparran of Coiskib, Cushendall Co. Antrim holds a fixed and floating charge dated 3rd October 2012. Based on estimated realisations it is expected that the charge holder will suffer a shortfall on his loan.

Preferential Creditors

208. There are no preferential creditors.

Unsecured Creditors

209. Based on the level of secured debt, it is highly likely there will be insufficient funds available to enable a distribution to the unsecured creditors of the Company. The total unsecured trade creditors are currently estimated at £508k although this figure does not include any shortfall which may be suffered by the secured creditor.

Prescribed Part

- 211 The prescribed part applies where there are floating charge realisations, net of costs, to be set aside for unsecured creditors. This equates to:-

- 50% of net property up to £10,000
- 20% of net property in excess of £10,000; and
- Subject to a maximum amount of £600,000

The administrator considers that the Prescribed Part applies to the Company as there are floating charges created and registered at Companies House which postdate the relevant date of 27th March 2006. At this stage it is highly unlikely that a dividend will be payable to unsecured creditors.

Initial meeting of creditors

- 212 By virtue of Paragraph 53(1) Sch. B1, the Administrator does not propose to convene an initial meeting of creditors. This decision has been based on the following facts:-

- there are insufficient funds to enable a distribution to unsecured creditors, other than by virtue of the Prescribed Part; and
- the costs of holding a creditors meeting will be disproportionate to the benefit to creditors.

However, if within 12 days of the date of these Proposals, at least 10% (by value) of the creditors request in the prescribed manner, a creditors' meeting shall be convened by the Administrator. A request to call a creditors' meeting should be submitted on Form 2.21B and must include:-

KEEP PROTECTIVE COATINGS LTD – IN ADMINISTRATION

- a list of the creditors concurring with the request, showing the amounts of the respective debts in the Administration;
- from each creditor concurring, written confirmation of his concurrence; and
- a statement of the purpose of the proposed meeting

Please note that under Rule 2.38 IR91, the expenses of summoning and holding a meeting at the request of creditors shall be paid by those requesting the meeting and they shall provide security to the Administrator for that payment.

The Administrator's proposal will be deemed to have been approved by creditors, unless a meeting of creditors is requisitioned in the prescribed manner, within 12 days of the date on which these proposals are circulated.

Ending the Administration

- 213 The Administrator currently envisages that if a dividend is payable to unsecured creditors by virtue of the Prescribed Part, the Company will either be placed into Creditors' Voluntary Liquidation, unless it is considered to be more effective to seek Court permission to distribute to the unsecured creditors in the Administration. In that case, and if permission is granted, following the distribution of funds to the unsecured creditors, the Administrator will file notice under Paragraph 85 Sch. B1 with the Register of Companies, following registration of which the Company will be dissolved three months later.

Directors Investigation

- 214 I am obliged to submit reports to the Department of Enterprise, Trade and Investment (DETI) in respect of any person who acted as director of the company during the three years prior to the date of Administration.
- 215 Pursuant to the Company Directors Disqualification (Northern Ireland) Order 2002, the Administrator has a duty to investigate the Directors' conduct and management of the Company. If there is any matter which you consider I should be made aware of, please advise me in writing immediately. The request for information forms part of my usual investigation procedure.
- 216 A detailed conduct questionnaire has been issued to the Company's Director. I expect to have this completed and returned promptly to enable me to submit my report to the DETI within the statutory time period, being 30 May 2015. If further action is to be taken in relation to the Directors conduct, this will be determined by the DETI Directors Disqualification Unit.

KEEP PROTECTIVE COATINGS LTD – IN ADMINISTRATION

B. Proposals for achieving the purpose of the Administration

217 The administrator makes the following proposals for achieving the purpose of the administration:

- i) The administrator will continue to manage and finance the company's business affairs and property from asset realisations in such manner as he considers expedient with a view to 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 in Administration).
- ii) The administrator may investigate and, if appropriate, pursue any claims that the Company may have under the Companies (Northern Ireland) Order 1989, or otherwise. In addition the Administrator shall do all such things and generally exercise all his powers as Administrator as he in his discretion considers desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Company or to maximise their realisations or for any other purpose incidental to these proposals.
- iii) As there will be insufficient funds to enable a distribution to be made to unsecured creditors other than by virtue of the Prescribed Part, the administrator is not seeking to form a creditors committee.
- iv) In accordance with Paragraph 53(1)Sch B1 the requirement to summon a meeting of creditors does not apply, as the Administrator does not anticipate making a distribution to unsecured creditors. As such the basis of the Administrators remuneration will be determined by the secured creditor separately, pursuant to Rule 2.107(6) IR91.
- v) Dependent on timings, the Administrator may, at his discretion, make an application to Court under Paragraph 66(3) Sch.B1 for permission to make the Prescribed Part distribution.
- vi) The Administrator shall either apply to the Court or seek consent from the appropriate classes of creditors concerning the necessary steps to extend the Administration beyond the statutory duration of one year if an extension is considered advantageous.
- vii) The Administrator may use any or a combination of "exit route" strategies in order to bring the Administration to an end, but in this particular instance the Administrator is likely to wish to pursue the following options, as appropriate for the Company, as being the most cost effective and practical in the present circumstances:-
 - a) If it transpires that there are insufficient funds with which to make a distribution to unsecured non-preferential creditors, once all of the assets have been realised and the Administrator has concluded all work within the Administration, the Administrator will file a notice under Paragraph 85 Sch. B1 with the Register of Companies, following which the Companies will be dissolved three months later or apply to Court under Paragraph 80 Sch. B1 for the Administrations to be ended, or
 - b) If it transpires that there are sufficient funds with which to make a distribution to unsecured non-preferential creditors, once asset disposals are complete, the Administrator will place the Company into Creditors' Voluntary Liquidation. In these circumstances, it is proposed that Nicholas McKeague will be appointed as Liquidator and any act required or authorised to be done by the Liquidator may be done by him.

KEEP PROTECTIVE COATINGS LTD - IN ADMINISTRATION

In accordance with Paragraph 84(6) Sch. B1 and Rule 2.118(3) IR91, creditors may nominate alternative liquidators, provided that the nomination is made after the receipt of these proposals and before they are approved; or

- c) Once asset disposals are complete, the Administrator will apply to the Court to allow the Administrator to distribute surplus funds, if any, to unsecured non-preferential creditors. If such permission is given, the Administration will be brought to an end by notice to the Registrar of Companies under Paragraph 85 Sch. B1, following registration of which the Company will be dissolved three months later. If permission is not granted the Administrator will place the Company into Creditors' Voluntary Liquidation or otherwise act in accordance with any order of the Court.
- viii) The Administrator shall be discharged from liability pursuant to Paragraph 99(1) Sch. B1 in respect of any action of his as Administrator at a time resolved by the creditors' committee, or, if there is no creditors' committee, 14 days after he ceases to be Administrator of the Company or in any case at a time determined by the Court.
- ix) It is proposed that the Administrator's fees be fixed under Rule 2.107 IR91 (by reference to the time properly given by the Administrator and the various grades of his staff according to his firm's usual charge out rates for work of this nature and that disbursements for services provided by the Administrator's own firm (defined as Category 2 disbursements in Statement of Insolvency Practice No. 9) be charged in accordance with the Administrator's firm's policy as set out in Appendix C. It will be for the creditors' committee to fix the basis and level of the Administrator's fees and Category 2 disbursements but if no committee is appointed, it will be for the secured and preferential creditors to determine these instead.

The Administrator does not intend to hold an initial meeting of creditors, based on the fact that there is not anticipated to be any return to unsecured creditors.

C. Statement of Affairs

- 218 A Statement of Affairs of the Company has been prepared and is included at Appendix A. At this point in time it has not been signed by the Director.

The Administrator makes the following comments on the Statement of Affairs:-

- In accordance with the standard format of the Statement of Affairs, no provision has been made for the costs of realising the Company's assets or the costs of the Administration.
- The Administrator has not carried out anything in the nature of an audit on the information.

The Statement of Affairs is copied in redacted form at Appendix A and, as is required by statute, the Administrator has included details of the names, addresses and debts of creditors (including details of any security held) in Appendix B.

KEEP PROTECTIVE COATINGS LTD - IN ADMINISTRATION

D Statutory Information

Court Details:	High Court of Justice in Northern Ireland (Chancery Division) Belfast Number: 2014/16346
Name of company:	Keep Protective Coatings Limited
Trading address:	Units 4 James Park Mahon Road Portadown BT62 3EH
Registered office:	As above
Registered number:	NI 605366
Other known trading names:	None
Administrator:	Nicholas McKeague McKeague Morgan & Company 27 College Gardens Belfast, BT9 6BS
Appointer:	Holder of Qualifying Floating Charge
Date of Appointment:	16 December 2014
Revised date for automatic end to Administration:	15 December 2015

Appendix A - Statement of Affairs

Statement of Affairs - Administration

No. 2014/16346

*Insert name of
company

IN THE MATTER *

**KEEP PROTECTIVE COATINGS
LIMITED**Company No. **NI 605366**

AND IN THE MATTER OF THE INSOLVENCY (NORTHERN IRELAND) ORDER 1989

(a) Insert name of
company and
address of
registered officeStatement as to the affairs of
(a)Keep Protective Coatings Limited
James Park, Mahon Road
Portadown
BT62 3EH

(b) Insert date

on the (b) **16 December 2014**, the date that the company entered Administration.**Affidavit**

This affidavit must be sworn before a solicitor or commissioner of oaths or an officer of the court duly authorised to administer oaths when you have completed the rest of this form.

(c) Insert name &
occupationI (c) **William Truesdale**(d) Insert full
addressof (d) **11 Holland Park
Belfast
BT5 6HB**

(e) insert date

make an oath and say that I believe that the facts stated in the several pages exhibited hereto and attached marked 'WT' are a full, true and complete statement of affairs of the above named company as at (e) 16th December 2014 the date that the company entered administration.

Sworn at _____**Dated** _____**Signature(s)** _____**Before me** _____

A solicitor or Commissioner of Oaths or Duly Authorised Officer

The Solicitor or Commissioner is particularly requested, before swearing the affidavit, to make sure the full name, address and description of the deponent are stated, and to initial any crossings out or other alterations in the printed form. A deficiency in the affidavit in any of the above respects will mean that it is refused by the court, and will necessitate its being re-sworn.

A – Summary of Assets

	Book Value £	Estimated to Realise £
ASSETS		
Assets subject to fixed charge:		Nil
Assets subject to floating charge:		
Debtors	62,000	NIL
Bank & Cash	5,274	5,274
Uncharged assets:		
Estimated total assets available for preferential creditors	£ 67,274	5,274

Signature: _____

Date: _____

A1 – Summary of Liabilities

		Estimated to Realise £
Estimated total assets available for preferential creditors (carried from page A)	£	5,274
Liabilities	£	
Preferential creditors:-	Nil	
Estimated surplus as regards preferential creditors	£	5,274
Estimated prescribed part of net property where applicable (to carry forward)	£	Nil
Estimated total assets available for floating charge holder	£	5,274
Debts secured by floating charges	£	28,500
Estimated deficiency of assets after floating charges	£	(23,226)
Estimated prescribed part of net property where applicable (brought down)	£	-
Estimated deficiency as regards unsecured creditors	Note 1	£ (23,226)
Unsecured non-preferential claims	£	
Trade creditors	508,426	
Estimated deficiency as regards non-preferential creditors	£	£ (531,652)
Issued and called up share capital	£	100
Estimated total deficiency as regards members	£	(531,752)

Note 1: The surplus does not include the costs of the administration and is therefore subject to variation.

Signature: _____

Date: _____

Appendix B – Schedule of Creditors

Schedule of Creditors

KEEP PROTECTIVE COATINGS LIMITED - IN ADMINISTRATION

Creditor	Address	Amount Owed £
Briggs Equipment UK	9 Michelin Road, Newtownabbey, BT36 4PT	20,078.40
Brenntag	8 Seal Road, Belfast, BT3 9LL	193.53
HMRC – Enforcement & Insolvency Service	Durrington Bridge House, Barrington Road, Worthing, West Sussex BN12 4SE	455,130.02
Orange	Senhouse Road, Darlington, Co Durham, DL1 4YB	3,034.13
Reed Recruitment	120 Coombe Lane, London, SW20 0BE	3,353.18
Safety Solutions (NI) Ltd	Unit 4, 9 Lissue Walk, Lisburn, BT28 2LU	150.90
SIE Industrial Ltd	Faraday Hse, Station Rd, Washington, NE38 7LW	4,097.41
Speedy Hire (Ireland) Ltd	Unit 5, 3 Lombard St East, Dublin 2	22,388.98
		508,426.55

Appendix C – Creditors’ Guide to Administrators’ Fees

1. Introduction

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

2. The nature of administration

2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court in order to achieve one or more of the following statutory purposes:-

- the survival of the company and its business in whole or in part;
- the approval of a company voluntary arrangement;
- the sanctioning of a scheme under Article 418 of the Companies (Northern Ireland) Order 1986;
- a better realisation of assets than would be possible in a liquidation.

Administration may be followed by a company voluntary arrangement or liquidation.

3. The Creditors' Committee

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

4. Fixing the Administrator's fees

4.1 The basis for fixing the Administrator's remuneration is set out in Rule 2.107 of the Insolvency (Amendment) Rules (Northern Ireland) 2006, which states that it shall be fixed either:

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

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is fixed as a percentage, to fix the percentage to be applied. Rule 2.107 says that in arriving at its decision the committee shall have regard to the following matters:

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

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

5. What information should be provided by the Administrator?

When seeking fee approval

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

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

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

5.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such

additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

Administration and planning

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

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

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

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

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

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

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

After fee approval

5.8 Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.7 above regarding work which has been sub-contracted out.

6. Expenses and Disbursements

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

7. What if a Creditor is Dissatisfied?

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

8. What if the Administrator is Dissatisfied?

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

9. Other matters relating to fees

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