

The Insolvency Act 1986

# **Notice of move from administration to dissolution**

Name of Company:  
Concept Labelling Solutions Limited

Company number:  
03296617

In the  
Leeds District Registry

[full name of court]

Court case number.  
918 of 2008

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

We (a) Peter Sargent of Begbies Traynor (Central) LLP, 36 Clare Road, Halifax, HX1 2HX and Julian Pitts of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park, Coal Road Leeds LS14 1PQ

(b) Insert name and address of  
registered office of company

having been appointed administrator(s) of (b) Concept Labelling Solutions Limited, 36 Clare Road, Halifax, HX1 2HX

(c) Insert date of appointment

on (c) 24 June 2008 by (d) Mark Stothers (director)

(d) Insert name of  
applicant / appointor

hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 apply

We attach a copy of the final progress report

Signed

Joint / Administrator(s)

Dated 23 September 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 form. The contact information that you give will be visible to searchers of the public record.

Begbies Traynor (Central) LLP	
36 Clare Road, Halifax, HX1 2HX,	
	Tel Number 01422 348448
Fax Number 01422 360748	DX Number



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24/09/2011

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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

SATURDAY

The Insolvency Act 1986

## Administrator's progress report

Name of Company Concept Labelling Solutions Limited	Company number. 03296617
In the Leeds District Registry <small>[full name of court]</small>	Court case number 918 of 2008

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

We (a) Peter Sargent of Begbies Traynor (Central) LLP, 36 Clare Road, Halifax, HX1 2HX and Julian Pitts of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park, Coal Road Leeds LS14 1PQ

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

(b) Insert dates

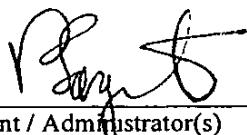
from

to

(b) 24 June 2011

(b) 23 September 2011

Signed

  
Joint / Administrator(s)

Dated

23 September 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 form. The contact information that you give will be visible to searchers of the public record.

Begbies Traynor (Central) LLP	
36 Clare Road, Halifax, HX1 2HX,	
	Tel Number 01422 348448
Fax Number 01422 360748	DX Number

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

## **Important Notice**

This final progress report has been produced by the Administrators solely to comply with their statutory duty to report to creditors on the progress of the Administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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## **Contents**

- ☐ Interpretation
- ☐ Statutory information
- ☐ Details of appointment of Administrators
- ☐ Progress during the period
- ☐ Outcome for creditors
- ☐ Administrators' proposals
- ☐ Summary of steps taken during the Administration
- ☐ Administrators' remuneration and disbursements
- ☐ Other relevant information
- ☐ Conclusion
- ☐ Appendices
  - 1 Administrators' account of receipts and payments
  - 2 Summary of Administrators' proposals, including major amendments to, and deviations from them
  - 3 Administrators' time costs and expenses

Peter Sargent and Michael Saville were appointed joint administrators on 24 June 2008. Michael Saville was replaced by Charles M Brook on 8 March 2010 who was subsequently replaced by Julian N R Pitts on 1 June 2011.

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability.

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## **Concept Labelling Solutions Limited (In Administration)**

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Final Progress Report of the joint Administrators  
pursuant to Rules 2.47 and 2.110 of The Insolvency  
Rules 1986

Period: 24 June 2011 to 23 September 2011

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## 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Concept Labelling Solutions Limited (In Administration)
"the Administration"	The appointment of Administrators under Schedule B1 to the Insolvency Act 1986 on 24 June 2008
"the Administrators"	Peter Sargent and Michael Saville were appointed joint administrators on 24 June 2008 Michael Saville was replaced by Charles M Brook on 8 March 2010 who was subsequently replaced by Julian N R Pitts on 1 June 2011
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and  (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

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## 2. STATUTORY INFORMATION

Name of Company	Concept Labelling Solutions Limited
Trading name(s)	As above
Date of Incorporation	27 December 1996
Company registered number	03296617
Company registered office	The Old Sunday School, Bakes Street, Bradford, BD7 3EX

## 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of Administrators	Peter Sargent, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 36 Clare Road, Halifax, HX1 2HX and Charles Michael Brook, formerly of Begbies Traynor (Central) LLP, 36 Clare Road, Halifax, HX1 2HX and subsequently Julian Pitts, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park, Coal Road, Leeds LS14 1PQ
Date of Administrators' appointment	24 June 2008 01 June 2011 – Julian Pitts
Date of Administrators' resignation	Julian Nigel Richard Pitts was appointed Joint Administrator in replacement of Charles Michael Brook by order of the Court on 1 June 2011
Court	Leeds District Registry
Court Case Number	918 of 2008
Person(s) making appointment / application	Mark David Stothers (Director)
Acts of the Administrators	The Administrators act as officers of the court and as agents of the Company without personal liability. 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.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are main proceedings' within the meaning of Article 3 of the Regulation.

## **4. PROGRESS DURING THE PERIOD**

Attached at Appendix 1 is our abstract of receipts and payments for the period from 24 June 2008 incorporating an account for the period from 24 June 2011 to 23 September 2011

The Administration was extended by order of the Court dated 20 December 2010. This extension was to allow for the receipt of a dividend from the bankruptcy of Mark Stothers. The Joint Administrators have sought regular updates from the Trustee in Bankruptcy and a cheque has been received in the sum of £4,227.63. Such a distribution is insufficient to allow a distribution to any class of creditor and the funds have been used to defray the costs of the Administration.

## **5. OUTCOME FOR CREDITORS**

### **Secured creditor**

HSBC Invoice Finance (UK) Ltd held an assignment of the Company's book debts and were able to collect out in full.

HSBC Bank plc hold a fixed and floating charge debenture dated 28 May 1999. As this charge predates 15 September 2003 there is no application of the "prescribed part" provisions of the Insolvency Act 1986.

The bank were shown in the directors Statement of Affairs for £115,325.17 but after set-off of credit balances held, were owed £89,347.65 and will suffer a shortfall under their security.

### **Preferential creditors**

A preferential claim has been received from the Redundancy Payments Office for the sum of £10,024.73.

The realisable value of the Company's assets has been insufficient to enable a distribution to be made to preferential creditors of the Company after the costs have been taken into account.

There will be no distribution to preferential creditors.

### **Prescribed Part for unsecured creditors pursuant to Section 176A of the Act**

Details of how the prescribed part is calculated have previously been provided in the Administrators statement of proposals and in previous progress reports.

To the best of the Administrators' knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

### **Unsecured creditors**

The claims of unsecured creditors were estimated at £685,689. To date claims have been received from 46 creditors totalling £360,667.54.

Based upon realisations to date there are no funds available for distribution to unsecured creditors, and therefore it is intended, as per the administrators proposals, that the Company will exit Administration to Dissolution.

### **Exit from Administration**

Once the Notice of move from Administration to dissolution (Form 2.35B) has been registered (which we anticipate shortly), our appointment as Administrators will cease to have effect and, unless the

Court makes an order otherwise, the Company will be deemed to be dissolved at the end of the period of three months from the date of registration of the notice

## 6. ADMINISTRATOR'S PROPOSALS

Attached at Appendix 2 is a summary of the Administrators' proposals as deemed approved under Rule 2 33(5) of the Rules in the absence of an initial meeting of creditors

## 7. SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION

The director had, for a number of weeks prior to the Administration, been attempting to sell the business as a going concern. Only one party had continued to express interest in the purchase of the business, this being CLS Identification Ltd. Our agents, Walker Singleton (Asset Management) Ltd undertook a valuation of the Company's assets and strongly recommended that the offer put forward by CLS Identification Ltd be accepted. The sale of the business and assets was completed on 25 June 2008, at which time the company ceased to trade.

Creditors are referred to the narrative of the report accompanying the Administrators' proposals issued to creditors on 14 August 2008 and to Appendix 2 of this report for details of the steps taken by them immediately following appointment.

The sale of the business and the assets was completed on the 25<sup>th</sup> June 2008 and included the following assets -

	Estimated value as a going concern £	Estimated break- up value £	Value as per sales agreement £
Plant & Machinery (owned)	24,000	24,000	24,000
Plant & Machinery (financed)	Nil	Nil	Nil
Office furniture and IT	5,000	5,000	Nil
Stock	50,000	10,000	10,998
Goodwill	5,000	5,000	2
<b>Total</b>	<b><u>84,000</u></b>	<b><u>44,000</u></b>	<b><u>35,000</u></b>

Consideration payable by the buyer for the purchase of the business and the assets is £35,000. The consideration was paid by instalments -

Date	Amount £
On completion	12,000
25 <sup>th</sup> July 2008	12,000
25 <sup>th</sup> August 2008	11,000
<b>Total</b>	<b><u>35,000</u></b>

The two leasehold properties were taken over and occupied by CLS Identification Ltd after the sale.

The Company's book debts were subject to a factoring agreement with HSBC Invoice Finance who were able to collect out in full, reassigning the remaining debts back to the Company. The Joint Administrators had written to all debtors but the majority were disputed. The remaining book debts

were passed to Debt Collection Services UK Ltd for collection but proved irrecoverable and the matter was closed

During the Administration, the director Mark Stothers, was made bankrupt and it was necessary therefore for the joint Administrators to lodge a claim in his bankruptcy for repayment of the outstanding director's loan account, which at the time of the Administration was £384,329 92. The Administration was extended on two occasions by orders of the Court. This extension was to allow for the receipt of a dividend from the bankruptcy following the sale of the debtor's Spanish property which has now been received

## 8. THE ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

As previously reported the Administrators' remuneration is based on hourly costs at scale rates calculated on the time properly spent in the course of the Administration and they are authorised to draw disbursements in accordance with the explanatory note on the subject, which accompanied *The Report and*

### *Proposals of the Joint Administrators*

The relevant resolutions were approved at the initial meeting of creditors held on 10 September 2008

The Administrators' current recorded time costs for the period from 24 June 2008 to 23 September 2011 amounts to 404 8 hours at an average composite rate of £187 72 per hour resulting in total time costs of £75,983

The following further information as regards time costs and expenses is set out at Appendix 3

- ☐ Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements.
- ☐ Begbies Traynor (Central) LLP's charge-out rates
- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value

Since their appointment, the Administrators have drawn remuneration of £29,982 56 plus disbursements of £1,734 52

Details of any Category 2 disbursements and also disbursements that should be treated as Category 2 disbursements that have been drawn during the period of this report since the necessary approval was obtained are provided in the narrative summary of time costs incurred which is at Appendix 3

In addition to the table of time spent by the Administrators and their staff in attending to matters arising in the Administration for the period covered by this progress report, a cumulative table of time spent and charge out value for the period from 24 June 2008 to 23 September 2011, and a description of the work undertaken by the Administrators and their staff since their appointment (contained in the narrative summary of time costs incurred) are also attached at Appendix 3

### **Expenditure incurred during the period of this report**

No other expenditure has been incurred during this period

## 9. OTHER RELEVANT INFORMATION

### **Report on Directors' conduct**

As detailed in the Administrators' statement of proposals, the Administrators have a duty to submit a report to the Department for Business, Innovation and Skills on the conduct of the director. The Administrators have complied with their duties in this respect.

#### **Investigations carried out during the period of this report**

As explained in our interim progress reports, we have been investigating the manner in which the business was conducted prior to the Administration of the Company and potential recoveries for the estate in this respect.

#### **Other professionals employed and their costs**

On this assignment Walker Singleton (Asset Management) Ltd were instructed to advise me with regard to valuation and disposal of the company's assets. Messrs Irwin Mitchell, Solicitors, were instructed to provide the Joint Administrators with legal advice. Our choice of professional was based on my perception of their experience and ability to perform the work required. We are satisfied that the fees charged by my advisors are reasonable.

## **10. CONCLUSION**

Finally, we seek the consent of the secured and preferential creditors to our discharge as Administrators by a resolution passed pursuant to Paragraph 98 of Schedule B1 to the Act. We seek the date of our discharge to coincide with the date on which our appointment as Administrators ceases to have effect. As mentioned previously, this will be following the registration with the Registrar of Companies of form 2.35B, a copy of which is enclosed.



**Peter Sargent**  
Administrator

Dated 23 September 2011

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## ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 24 June 2008 to 23 September 2011

**Concept Labelling Solutions Limited**  
(In Administration)

**Summary of Receipts & Payments**

RECEIPTS	Statement of Affairs (£)	From 24/06/2008 To 23/06/2011 (£)	From 24/06/2011 To 23/09/2011 (£)	Total (£)
Goodwill		1 00	0 00	1 00
Intellectual Property		1 00	0 00	1 00
Cash at bank	2,143 30	1,333 59	0 00	1,333 59
Debts not fixed charge		1,235 02	0 00	1,235 02
Stock & Work in Progress	10,000 00	10,998 00	0 00	10,998 00
Plant & Machinery		35,000 00	0 00	35,000 00
Directors loan account	Uncertain	0 00	4,227 63	4,227 63
Petty cash		35 56	0 00	35 56
Bank Interest		62 74	0 00	62 74
British gas refund		1,643 38	0 00	1,643 38
Refund of court fee		100 00	0 00	100 00
Water refund		10 51	0 00	10 51
Rates refund		471 29	0 00	471 29
Rent refund		2,353 88	0 00	2,353 88
Surplus of factored debts		5,248 90	0 00	5,248 90
Motor Vehicles	40,000 00	4,700 00	0 00	4,700 00
		<b>63,194 87</b>	<b>4,227.63</b>	<b>67,422 50</b>
<b>PAYMENTS</b>				
Plant & Machinery	24,000 00	11,000 00	0 00	11,000 00
Due to Finance Companies	(14,794 00)	827 04	0 00	827 04
Statement of Affairs fee		3,038 80	0 00	3,038 80
Administrators' Fees		28,000 00	1,982 56	29,982 56
Administrators' Expenses		1,188 92	545 60	1,734 52
Legal Fees		2,750 00	0 00	2,750 00
Agents' Fees		3,096 90	0 00	3,096 90
Employment advice		300 00	0 00	300 00
Insurance		592 20	0 00	592 20
Statutory Advertising		226 29	83 70	309 99
Bordereau		105 00	0 00	105 00
HSBC Invoice Finance Charges		835 82	0 00	835 82
Bank Interest & Charges		114 05	0 00	114 05
Legal fees		10,735 70	1,982 56	12,718 26
Corporation tax		17 36	0 00	17 36
		<b>62,828 08</b>	<b>4,594 42</b>	<b>67,422 50</b>
<b>Net Receipts/(Payments)</b>		<b>366.79</b>	<b>(366 79)</b>	<b>0.00</b>
<b>MADE UP AS FOLLOWS</b>				
VAT Receivable		1,803.68	(79 74)	1,723 94
Vat Control Account		(1,723 94)	0 00	(1,723 94)
		<b>79.74</b>	<b>(79.74)</b>	<b>0 00</b>

Peter Sargent  
Administrator

SUMMARY OF ADMINISTRATORS' PROPOSALS,  
INCLUDING MAJOR AMENDMENTS TO AND  
DEVIATIONS FROM THEM

Proposals deemed approved under Rule 2.33(5) of the Insolvency Rules  
1986

## **Summary Statement of the Joint Administrators Proposals issued 14 August 2008**

### ***Purpose of the Administration***

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above

For the reasons set out in our report, we presently consider that the most appropriate objective to pursue in this case is that specified in subparagraph 3(1)(b), namely 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). Whilst it may be reasonably practicable to pursue the objective of rescuing the Company as a going concern, we consider this would be unlikely to achieve a better result for the Company's creditors as a whole

We consider that this objective has already largely been achieved due to the sale of the business. We consider that the sale of the business assets and goodwill of the Company has significantly enhanced the prospects for the secured and the preferential creditors. It is hoped that the continuity of the business will enhance the collection of the outstanding book debts and a surplus will become available following repayment of the factors

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the Company's property. The principal matters to deal with in this respect are

- Receipt of the outstanding sales consideration from CLS Identification Ltd
- Sale of the company's motor vehicles,
- Assisting in the collection of the factored book debts and subsequent collection of any re-assigned debts,
- Collection of the directors loan account,

Following these events we propose to finalise distributions to the secured and preferential creditors. The amount recoverable from the director in respect of his loan account is uncertain. We understand that the director is currently seeking personal insolvency advice.

### ***Exit from Administration***

On present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 84 of Schedule B1 to the Act. Under these provisions, on the registration of a notice sent by us to the Registrar of Companies, our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the company.

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude

Yet Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, the administrator's term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding six months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further 6 months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

If (whether or not an extension to the period of administration actually becomes necessary) it ultimately transpires that there are indeed surplus funds enabling a distribution to the unsecured creditors, then unless the court makes an order permitting such a distribution on our application, we will issue revised proposals for consideration by creditors dealing with the most appropriate exit strategy from the administration in those circumstances.

#### **Section 176A Fund for Unsecured Creditors**

Section 176A of the Act provides that, where the company has created a floating charge after 15 September 2003, the administrator must make a *prescribed part* of the company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realisation). The *prescribed part* is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of *net property*,
- ☐ 20% of *net property* thereafter,
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part* if

- ☐ the *net property* is less than £10,000 and he thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit, (Section 176A(3)) or
- ☐ he applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5))

Rule 2.33 of the Rules requires that our proposals for achieving the purpose of the administration shall include, to the best of our knowledge and belief, an estimate of the value of the *prescribed part* and an estimate of the value of the Company's *net property*.

Since the floating charge in this case was created prior to 15 September 2003 the provisions of section 176A have no application and consequently the value of both the *prescribed part* and the Company's *net property* is nil.

#### **Administrators' Remuneration**

The joint administrators propose to be remunerated on the basis of their hourly costs at scale rates calculated on the time properly spent in the course of the administration and that they may draw their remuneration on account as and when funds permit. The joint administrators also seek approval to re-charge expenses in line with their firm's policy.

Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. In the absence of a creditors' committee, details of time incurred and

disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice* 9 issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies

Total time spent to date on this assignment amounts to 105.25 hours at an average composite rate of £170.58 per hour resulting in total time costs to date of £17,953.75

To assist creditors in determining this matter, the following further information as regards time costs and expenses is set out at Appendix 3

- ☐ Begbies Traynor policy for re-charging expenses
- ☐ Begbies Traynor charge-out rates
- ☐ Narrative summary of time costs incurred and summary by staff grade and work activity

In addition to the information provided at Appendix 3, a copy of the creditors' guide to Administrators' fees is available on request. Alternatively, the guide can be downloaded from [http://www.begbies-traynor.com/uploads/documents/jul\\_08/bt\\_1215095179\\_ADM\\_9503.doc](http://www.begbies-traynor.com/uploads/documents/jul_08/bt_1215095179_ADM_9503.doc)

In the absence of an initial meeting of creditors (see section 8 Conclusion, below) and the establishment of a creditors' committee, the joint administrators' remuneration is fixed by the approval of the secured and preferential creditors in accordance with Rule 2.106 (5A)

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## ADMINISTRATORS' TIME COSTS AND EXPENSES

- a Begbies Traynor (Central) LLP's policy for re-charging expenses,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred, and
- d Table of time spent and charge-out value

## **BEGBIES TRAYNOR CHARGING POLICY**

### **INTRODUCTION**

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance<sup>1</sup> requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm and also where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest. Best practice guidance<sup>2</sup> requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

### **OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES**

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

### **EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES**

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting,
- Car mileage is charged at the rate of 45 pence per mile,
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates.

<sup>1</sup> Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

<sup>2</sup> Ibid 1

- (B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

#### **BEGBIES TRAYNOR CHARGE-OUT RATES**

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Halifax office as at the date of this report are as follows

	<b>Standard 1 May 2011 – until further notice Regional</b>
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

Prior to 1 May 2011, the following rates applied

<b>Grade of staff</b>	<b>Charge-out Rate (£ per hour)</b>
Partner 1	395
Partner 2	350
Director	325
Senior Manager	295
Manager	250
Assistant Manager	195
Senior Administrator	160
Administrator	130
Trainee Administrator	100
Support	100

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in 6 minute units

## SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME Concept Labelling Solutions Limited

CASE TYPE ADMINISTRATION

OFFICE HOLDERS Peter Sargent and Michael Saville were appointed joint administrators on 24 June 2008. Michael Saville was replaced by Charles M Brook on 8 March 2010 who was subsequently replaced by Julian N R Pitts on 1 June 2011

DATE OF APPOINTMENT 24 June 2008

### 1 CASE OVERVIEW

- 1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case
- 1.2 **Complexity of the case**  
This matter is an Administration which has involved a sale of the business and certain assets being concluded shortly after the Administrators appointment. The Company did not trade under the Administrators control and therefore no issues associated with trading have arisen
- 1.3 **Exceptional responsibilities**  
The Administrators do not consider that any matters of exceptional responsibility have arisen. The Administrators have, following their agents advice, finalised and concluded a sale of the Company's business and assets and dealt with statutory reporting and enquiries from creditors
- 1.4 **The office holders' effectiveness**  
The Administrators have concluded a sale of the Company's assets and have complied with their duty in respect of investigation of the director's conduct and submitted their report to the Department for Business Innovation and Skills
- 1.5 **Nature and value of property dealt with by the office holders'**  
The property dealt with by the Administrators has been detailed in the previous reports to creditors. This included a sale of the company's business and other assets for the consideration of £35,000. Motor vehicles not included in the sale have also been disposed of. The Joint Administrators sought to collect in an overdrawn directors loan account and have submitted a claim in the directors bankruptcy in respect of this
- 1.6 **Anticipated return to creditors**  
The realisable value of the company's assets appears to be insufficient to enable a distribution to be made to unsecured creditors of the company after the costs have been taken into account. Unfortunately therefore, no return to unsecured creditors is anticipated
- 1.7 **Time costs analysis**  
An analysis of time costs incurred between 24 June 2008 and 23 September 2011, prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type

The work undertaken immediately following the administrators appointment in connection with the agreement of the business sale and relevant matters required the involvement of senior level members of staff

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only

**1 8 The views of the creditors**

Creditors were notified of the Joint Administrators appointment by letter dated 26 June 2008 and have subsequently received details of the Joint Administrators proposals and six monthly progress reports No creditors have expressed any particular view on the conduct of the Administration

**1 9 Approval of fees**

The following resolution with regard to the approval of fees was approved by the secured and preferential creditors on 10 September 2008

"That the joint administrators' remuneration be fixed on the basis of their hourly time costs at scale rates calculated on the time properly spent in the course of the administration and that, subject to full disclosure to creditors in accordance with Statement of Insolvency Practice 9 issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies, they may draw their remuneration on account as and when funds permit"

**1 10 Approval of Expenses and Disbursements**

The following resolutions with regard to the approval of Expenses and Disbursements was approved by the secured creditor, HSBC Bank Plc

"That the joint administrators be authorised to draw disbursements in accordance with the explanatory note on the subject, which accompanied the Report and proposals of the joint administrators"

**1 11 Other professionals employed & their costs**

Walker Singleton (Asset Management) Ltd and Irwin Mitchell Solicitors were instructed to provide valuation and asset disposal advice and to prepare the sales and purchase agreements, our choice of professional advisors was based upon my perception of their experience and ability to perform the work required We are satisfied that the fees charged by these advisors are reasonable

**2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES**

**2 1** Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 2

**2 2** The rates charged by the various grades of staff who may work on a case are attached at Appendix 2

**3. SUMMARY OF WORK CARRIED OUT SINCE OUR LAST REPORT**

Since the date of our last report, the following work has been carried out.

The Administration was extended by order of the Court dated 20 December 2010 This extension was to allow for the receipt of a dividend from the sale of the debtor's Spanish property which has now been received allowing the Company to exit Administration to Dissolution

[illegible]



## Notice of conduct of business by correspondence

Name of Company  
Concept Labelling Solutions Limited

Company number.  
03296617

In the:  
Leeds District Registry

[full name of court]

Court case number  
918 of 2008

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

(b) Insert full name and address of registered office of the Company

(c) Insert number of resolutions enclosed

(d) Insert address to which form is to be delivered

(e) Insert closing date

Repeat as necessary for the number of resolutions attached

Notice is hereby given by (a) Peter Sargent of Begbies Traynor (Central) LLP, 36 Clare Road, Halifax, HX1 2HX, and Julian Pitts of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park, Coal Road Leeds LS14 1PQ

to the creditors of (b) Concept Labelling Solutions Limited, 36 Clare Road, Halifax, HX1 2HX

that, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed are (c) 1 resolutions for your consideration. Please indicate below whether you are in favour or against each resolution

This form must be received at (d) 36 Clare Road, Halifax, HX1 2HX

by 12 00 hours on (e) 30 September 2011 in order to be counted. It must be accompanied by details in writing of your claim unless those details have already been submitted for the purpose of a meeting of creditors. Failure to do so will lead to your vote(s) being disregarded.

Resolution (1) I am \*in Favour / Against

\*Delete as appropriate

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM

Name of creditor \_\_\_\_\_

Signature of creditor \_\_\_\_\_

(If signing on behalf of creditor, state capacity e.g. director / solicitor)

If you require any further details or clarification prior to returning your votes, please contact me / us at the address above

Signed \_\_\_\_\_

Joint / Administrator(s)

Dated \_\_\_\_\_



The Insolvency Act 1986

**CONCEPT LABELLING SOLUTIONS LIMITED (In Administration) ("the Company")**  
**Company Number: 03296617**

Peter Sargent and Michael Saville were appointed joint administrators on 24 June 2008. Michael Saville was replaced by Charles M Brook on 8 March 2010 who was subsequently replaced by Julian N R Pitts on 1 June 2011.

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability.

**Resolution**

**To accompany Notice of conduct of business by correspondence (Form 2.25B)**

(Pursuant to Paragraph 58 of Schedule B1 to the Insolvency Act 1986 and Rule 2.48 of The Insolvency Rules 1986)

**In connection with**

**Vacation from office: discharge from liability**

(Pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986)

- 1 "That the joint administrators be and they are hereby discharged from liability in respect of any actions of theirs as administrators, pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986, with effect from the date their appointment as joint administrators ceases to have effect<sup>1</sup>."

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<sup>1</sup> The date that the Notice of end of administration (Form 2.32 B) is endorsed with the date of filing by the court, or the date specified on the Notice of automatic end of administration (Form 2.30 B) or the date specified on the Notice of court order ending administration (Form 2.33 B) or the date that the Notice of move from administration to creditors' voluntary liquidation (Form 2.34 B), or Notice of move from administration to dissolution (Form 2.35 B), is registered by The Registrar of Companies