

THE INSOLVENCY ACT 1986

STATEMENT OF
ADMINISTRATOR'S PROPOSALS

Pursuant to Section 23 (1) (a)
of the Insolvency Act 1986

To the Registrar of Companies

S.23(1)(a)

For Official Use:

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Company Number

3351335

Name of Company

The Designer Room (Holdings) Limited

We: Vivian Murray Bairstow and Nicholas Roy Hood

of: Begbies Traynor
1 & 2 Raymond Buildings
Gray's Inn
London WC1R 5NR

Administrator[s] of the company attach a copy of our proposals for achieving the purposes set out in the administration order filed herein. A copy of these proposals was sent to all known creditors on:

15 August 2002

Signed: _____

Administrator

Date: _____

19th August 2002

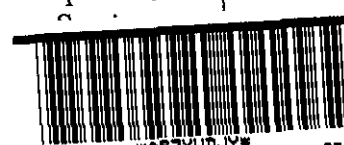
From:

Begbies Traynor
1 & 2 Raymond Buildings
Gray's Inn
London WC1R 5NR
Ref: VMB/aec/bv/T6678/H

For Official Use

Liquidation

Post Room



A29
COMPANIES HOUSE

0517
21/08/02



BEGBIES TRAYNOR
CORPORATE RESCUE AND RECOVERY

Our Ref:
Your Ref:

TO ALL KNOWN CREDITORS/ MEMBERS

14 August 2002

Dear Sirs

The Designer Room (Holdings) Limited (in administration)

I enclose formal notice of a meeting of creditors to be held pursuant to Section 23(1) of the Insolvency Act 1986, together with form of proxy and a copy of the administrators' proposals.

I also enclose a report addressed to All Known Creditors together with a guide to help creditors understand the laws and their rights in relation to the administrator(s)' remuneration.

Yours faithfully
for and on behalf of
The Designer Room (Holdings) Limited

A.E. Bairstow

V M Bairstow
Joint Administrator

Encl.

1 & 2 RAYMOND BUILDINGS - GRAY'S INN - LONDON WC1R 5NR
TEL 020 7242 6939 - FAX 020 7405 0350 - EMAIL london@begbies-traynor.com - www.begbies-traynor.com

A list of partners is available from the above office
Unless otherwise shown all partners resident at the above office are authorised by the Insolvency Practitioners Association
Partners acting as administrative receivers and administrators contract without personal liability

BATH - BRIGHTON - BRISTOL - EXETER - LEEDS - LIVERPOOL - MANCHESTER - NOTTINGHAM - PRESTON - SHEFFIELD - SIDCUP - SOUTHEND - WORTHING

RULE 2.19 and 2.31

**NOTICE OF CREDITORS' MEETING
IN ADMINISTRATION PROCEEDINGS**

IN THE HIGH COURT

IN THE MATTER OF THE DESIGNER ROOM (HOLDINGS) LIMITED

and

IN THE MATTER OF THE INSOLVENCY ACT 1986

Notice is hereby given that a meeting of creditors in the above matter is to be held at the Large Pension Room, Gray's Inn, London, WC1R 5NR:

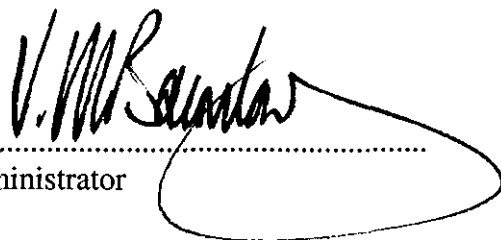
On Monday 9 September 2002 at 2.30 pm

To consider the Joint Administrators' proposals under s.23 (1) of the Insolvency Act 1986 and

To consider establishing a creditors' committee pursuant to S.26 of the Insolvency Act 1986.

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend the meeting and wish to be represented. In order to be entitled to vote at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

Signed:
Joint Administrator

A handwritten signature in black ink, appearing to read 'V. M. R. S.', is written over a dotted line. Below the signature is a large, empty circular stamp or seal.

The Designer Room (Holdings) Limited
(in administration)

Joint Administrators' Proposals
(pursuant to Section 23 of the Insolvency Act 1986 and
to the Insolvency Rules 1986)

DEFINITIONS

The following definitions apply throughout this documents unless the context otherwise requires:

"the Joint Administrators"	Vivian Murray Bairstow and Nicholas Roy Hood of Messrs Begbies Traynor, 1 & 2 Raymond Buildings, Gray's Inn, London WC1R 5NR
"the Administration Order"	The administration order made by the High Court on 12 June 2002 in relation to the company.
"the Company"	The Designer Room (Holdings) Limited

PROPOSALS

1. That the Joint Administrators continue negotiations with a view to achieving the survival of the Company, and the whole or any part of its undertaking, as a going concern.
2. That the Joint Administrators continue to endeavour to sell all or a substantial part of the assets and undertaking of the Company with a view to a more advantageous realisation than could be effected in a winding up.
3. That the Joint Administrators take all necessary actions in the interim to preserve the value of the Company's assets.
4. That, if required, the Joint Administrators may make application to Court at any time for directions in relation to any particular matter arising in connection with the carrying on of his functions.
5. That whilst it is the intention of the Joint Administrators to sell all or a substantial part of the assets and undertaking as a going concern, if this is impossible they continue to trade and then

conduct a sale of those assets remaining at prices that are the best which can be reasonably obtained in all the circumstances.

6. That, upon completion of the sale of all or a substantial part of the assets and any other matters which properly fall to be dealt with by the Joint Administrators, the Joint Administrators apply to Court to discharge the Administration Order.
7. That the Joint Administrators be empowered, having considered the level of realisations, either to make an application to Court for the liquidation of the Company pursuant to Section 140(1) of the Insolvency Act 1986, or to put forward a proposal to the creditors for the approval of a voluntary arrangement or to apply to the Court for their discharge.
8. That, in the event that the sale of the Company's assets, either in whole or in part, involves the disposal of assets that are subject to security and in the event that the Joint Administrators cannot come to terms with the creditor concerned, the Joint Administrators be authorised to apply to Court in the prescribed manner under the provisions of Section 15 of the Insolvency Act 1986.
9. That the proposals are conditional upon the passing of the resolution set out in the notice convening the meeting of creditors and subject to such modification as the Joint Administrators may approve.
10. That, if no creditors' committee is formed, fees be fixed in accordance with Rule 2.47(2) (b) of the Insolvency Rules 1986 by reference to time properly given by the Joint Administrators and their staff in attending to matters arising in the administration.

Dated this 14 day of August 2002

Signature:



Name:

V.M. BAIRSTOW

for and on behalf of the Joint Administrators

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES ENGLAND AND WALES

1 Introduction

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

2 The nature of administration

2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court 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 section 425 of the Companies Act 1985;
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

3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is established at the meeting of creditors which the administrator is required to hold within 3 months 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 2.47 of the Insolvency Rules 1986, which states that it shall be fixed either:

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

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is fixed as a percentage, to fix the percentage to be applied. Rule 2.47 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?

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 administrator should always make available an up to date receipts and payments account. Where the fee is to be charged on a time basis the administrator should be prepared to disclose the amount of time spent on the case and the charge-out value of the time spent, together with such additional information as may reasonably be required having regard to the size and complexity of the case. 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 contracted out which would normally be undertaken directly by an administrator or his staff.

5.2 The payment of expenses and disbursements is not subject to approval by the committee or the creditors. However, where an administrator makes, or proposes to make, a separate charge by way of expenses and disbursements to recover the cost of facilities provided by his own firm, he should disclose those charges to the committee or the creditors when seeking approval of his fees, together with an explanation of how those charges are made up and the basis on which they are arrived at.

6 What if a creditor is dissatisfied?

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

7 What if the administrator is dissatisfied?

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

8 Other matters relating to fees

8.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors. 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.



BEGBIES TRAYNOR
CORPORATE RESCUE AND RECOVERY

TO ALL KNOWN CREDITORS

OUR REF: VMB/AEC/BL/T6678/H
YOUR REF:

When calling please ask for
Bala Venkatasamy

14 August 2002

Dear Sirs

**The Designer Room Limited & The Designer Room (Holdings) Limited (both in administration)
("the Companies")**

Please find set out below, information to be annexed to the Joint Administrators' Proposals as required under Rule 2.16 of the Insolvency Rules 1986:-

1. Introduction

1.1 My partner, Nicholas Hood, and I of 1 & 2 Raymond Buildings, Gray's Inn, London, WC1R 5NR, were appointed Joint Administrators of The Designer Room Limited ("TDR") and The Designer Room (Holdings) Limited ("Holdings") on 12 June 2002, following the presentation of petitions to the High Court on 11 June 2002 for administration orders to manage the business and carry out the terms of the orders.

1.2 The administration orders were made for achieving any of the following objectives under Sections 8(3)(a), 8(3)(b) and 8(3)(d) of the Insolvency Act 1986:-

- The survival of the companies and the whole or any part of the undertakings as going concerns
- The approval of voluntary arrangements under Part 1 of the Insolvency Act 1986
- A more advantageous realisation of the Companies' assets than would be effected on a winding up.

1.3 The financial affairs of the Companies were intertwined with the goodwill of the companies apparently held by Holdings. It appeared likely that the putting into effect of any of the objectives but in particular that of Section 8(3)(d), namely a more advantageous result would involve both TDR and Holdings. I am therefore reporting to creditors of both Companies on a combined basis.



1 & 2 RAYMOND BUILDINGS . GRAY'S INN . LONDON WC1R 5NR
TEL 020 7242 6939 . FAX 020 7405 0350 . EMAIL london@begbies-traynor.com . www.begbies-traynor.com

RESIDENT PARTNERS: VIVIAN BAIRSTOW . PAUL DAVIS . JASON ELLES . NICHOLAS HOOD . DAVID SAPTE
A list of the names of the partners and their professional qualifications is open to inspection at our offices

BATH . BRIGHTON . BRISTOL . EXETER . LEEDS . LIVERPOOL . MAIDENHEAD . MANCHESTER . PRESTON
SHEFFIELD . SIDCUP . SOUTHEAST . WALLINGTON . WORTHING

- 1.4 The information in this report has been obtained from several sources including company records and company searches.

2. Background

- 2.1 I wrote to all known creditors, as detailed in the Companies' records, on 4 July 2002 advising them of our appointment.

3. Administration

- 3.1 The administration order procedure was introduced by the Insolvency Act 1986. While administrators have all the powers of administrative receivers to manage the business and sell the company assets, there are important distinctions.
- 3.2 An administration order has the effect of freezing amounts owing to all creditors and, subject to leave of the Court or consent of the administrators, an administration order prevents creditors from enforcing any actions against a company. The intention of the legislation is to give a company protection against claims from third parties, against winding up petitions or the enforcing of security, or against the repossession of assets whilst efforts are taken to achieve the purposes for which an administration order was made.
- 3.3 Administrators are appointed by the Court upon a petition by a company, its directors, creditor(s) or supervisor of a voluntary arrangement, where a company is in each case unable or is unlikely to be able to pay its debts as and when they fall due.
- 3.4 On 10 June 2002, my firm was instructed to assist the directors with regard to the companies and their respective financial situations.
- 3.5 Reports based on the Companies' most recent financial information as at 31 March 2002 were prepared by my partner and I in accordance with Rule 2.2 of the Insolvency Rules 1986, which were exhibited to the affidavits sworn by Mr Graham Symes, the finance director, in support of the petitions for administration orders.
- 3.6 The Court will not make an administration order unless it is satisfied that the order is likely to achieve one or more of the purposes specified in Section 8(3) of the Insolvency Act 1986, namely;

- (c) The sanctioning under Section 425 of the Companies Act 1985 of a compromise or arrangement between the company and any such persons as are mentioned in that section; and
- (d) A more advantageous realisation of the company's assets than would be effected on a winding up.

- 3.7 In the case of TDR and Holdings, the orders were made for the purposes of 3.8(a), 3.8(b) and 3.8(d). The orders have enabled the Joint Administrators to carry on trading TDR in the short term, whilst marketing the business and underlying assets for sale as a going concern. It was likely that any sale would necessarily involve the goodwill of the business which was apparently held by Holdings. The intended outcome of this was to provide a better return to creditors than would have been the case in a break up and liquidation of the Companies' assets.
- 3.8 It was recognised that should the business cease trading, this would greatly reduce the realisable value of the assets and business of the Companies.
- 3.9 Furthermore, it was clear that the Companies were insolvent and protective insolvency proceedings had to be commenced. Should it have been necessary to put the Companies into liquidation, this would have resulted in an increase in the overall liability to creditors as the liabilities with regard to employees, eg. notice pay and redundancy, would no longer transfer to a potential purchaser and would instead form part of the total value of unsecured creditors thus reducing the overall benefit to creditors as a whole. In addition, the stock would probably have been disposed of at prices substantially less than cost to parcel buyers rather than at retail prices (albeit at discounted prices).

4. Statutory Information

- 4.1 The statutory details for TDR are as follows:

Registered number:	2922280
Date of incorporation:	25 April 1994
Registered office:	23 Old Bond Street, London, W1S 4Z
Nature of business:	Retail sale of clothing
Previous company name:	De Keyser Limited (31 October 2001) Captain Fofu Limited (25 April 1995) Belmode Limited (12 May 1994)
Authorised share capital:	100 Ordinary Shares of £1 each.
Issued share capital:	100 Ordinary Shares of £1 each.
Directors:	Graham Symes Charlotte McHardy Richard Walton Sir Aubrey Brocklebank (resigned 20.9.01) Anna De Keyser (resigned 20.9.01) Robert Theodore de Keyser (resigned 20.9.01)

Company Secretary:	Keith Marshall Robinson (resigned 20.9.01) Keith Marshall Robinson (appointed 28.9.01; resigned 17.3.02) Brian Tinant (appointed 20.3.02; resigned 1.6.02) Graham Symes (resigned 25.3.02) Keith Marshall Robinson (appointed 25.3.02)
Last accounts filed:	Year ended 31 October 2000
Last annual return:	Made up to 25 April 2001
Outstanding charges:	Barclays Bank plc holds a fixed and floating charge over the assets and undertaking of the Company dated 25 October 1995. This is in the course of being registered as satisfied at Companies House. Joseph at Old Bond Street Limited holds a rent security deposit deed in respect of the Company's Head Office at 23 Old Bond Street, London, W1. Richard Walton (a director) holds an assignment by way of security dated 28 September 2001. TRA De Keyser has a debenture with fixed and floating charges dated 21 March 2002.

4.2 The statutory details of Holdings are as follows:

Registered number:	3351335
Date of incorporation:	11 April 1997
Registered office:	23 Old Bond Street, London W1S 4PZ
Previous company names:	The Designer Room Limited (17 October 2001) Ties And Ties Limited (1 December 1998) Society Times Limited (12 June 1997)
Nature of business:	Non trading company
Share capital:	3 Ordinary Shares of £1 each
Company directors:	Graham Symes Charlotte McHardy Richard Walton Robert Theodore de Keyser (resigned 31.5.01)
Company Secretary:	Graham Symes
Last accounts filed:	Year ended 30 April 2000
Last annual return:	Made up to 11 April 2001
Register of charges:	TRA de Keyser holds a fixed and floating charge over the assets and undertaking of the Company dated 28 September 2001.

4.3 At the date of the administration orders, TDR traded from forty-six locations around the UK.

5. Circumstances leading to the Administration orders

- 5.1 TDR was incorporated in April 1994 and as De Keyser Limited (from 25 April 1995), it traded as The Designer Room. In May 2001, the current directors and the then management of TDR commenced discussions concerning a management buy out which was concluded in September 2001. As part of the purchase, De Keyser Limited changed its name to The Designer Room Limited to suit its trading style and the then The Designer Room Limited (3351335) changed its name to The Designer Room (Holdings) Limited reflecting its new role as parent company. Holdings retained the goodwill of the Companies and for this reason and to assist in any sale of part or all of the undertaking as a going concern which might be achieved, I recommended that Holdings be placed into administration as well as TDR.
- 5.2 Since September 2001, all trading had been conducted through TDR with Holdings acting as a non-trading holding company.
- 5.3 The director, Graham Symes, advised of the following trading results for TDR to 31 March 2002.

<u>Period</u>	<u>Turnover</u> <u>£000</u>	<u>Pre-Tax Profit/(Loss)</u> <u>£000</u>
30/04/99 ÷ 31/10/00 (audited)	29,160	1,417
01/11/00 – 31/10/01 (draft / unaudited)	26,412	631
01/11/01-31/05/02 (per management)	12,029	(356)

6. Financial Information

- 6.1 I have requested of the directors sworn Statements of Affairs as at 12 June 2002, in accordance with Section 22 of the Insolvency Act 1986. I hope to be able to present these to the meeting of creditors convened for 9 September 2002.

7. Administrators' actions to date

- 7.1 Following my appointment on 12 June 2002, the day-to-day running of the combined business has been undertaken by the management and staff of the Companies. Eighteen outlets were closed immediately following my appointment. Since that time, the three outlets trading in London department stores have been closed together with one loss making store. Twenty-four outlets are currently trading. Trading has been closely monitored by my staff and me.
- 7.2 Prior to the making of the administration orders, the directors confirmed that they believed there would be no need for outside funding to meet all costs of the ongoing trading whilst a sale of the business was being sought, and this has proved to be the case. It should be noted that no stock purchasing has taken place as the administrators have sought merely to maximise the realisation of existing stock whilst seeking a purchaser for the assets and undertaking of the companies.
- 7.3 At the date of my appointment there were book debts outstanding to TDR totalling £183,000. With the assistance of the directors and debt collection agents, I have continued the realisation of these debts.
- 7.4 In addition to trading the business and liaising with prospective purchasers, which is discussed in more detail below, I have dealt with a number of matters following my appointment. These matters include, amongst others, clarifying title in respect of the Companies' assets, assessing potential employee claims and ensuring that all the Companies' records and accounts have been brought up to date, in particular with regard to the Inland Revenue and HM Customs & Excise to ensure that any potential preferential claims are quantified and not overstated. I have also dealt with all the statutory matters as required by the Insolvency Act 1986.

8. Marketing and asset sales

- 8.1 Advertisements were placed in the Financial Times and on the Internet giving details of the business and assets for sale. Over fifty enquiries were received from interested parties and, once a confidentiality agreement had been signed, brief details of the assets being offered for sale were forwarded. A number of interested parties have attended meetings on site to liaise with both the company directors and my staff regarding the business.
- 8.2 To date, six offers have been received for various parts of the business, with negotiations taken to an advanced stage, whereby in two cases, contracts were drawn up and issued. I regret to advise that in both instances, the interested parties withdrew their offers just prior to execution. In a third case, contracts have been completed in respect of one trading outlet. There is renewed interest from a fourth party already established in the retail market and I hope to have further news by the time of the meeting of creditors on 9 September 2002.

9. Prospects for creditors

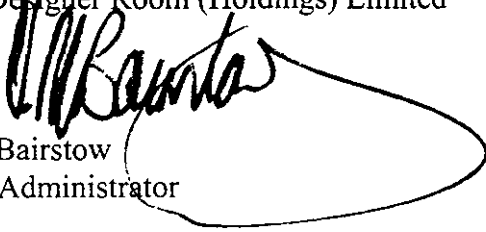
- 9.1 I am aware of three classes of creditors of the Companies, viz, secured, preferential and unsecured.
- 9.2 In respect of TDR, there were four secured creditors. Barclays Bank plc held a fixed and floating charge over the assets and undertaking of the Company. The Bank were in credit at the date of our appointment and the Company is in the process of filing a Memorandum of Satisfaction in respect of the Bank's charge. A second charge was held by Mr Robert de Keyser and I am awaiting my solicitors' advice concerning the validity of this debenture. A third charge was held by Mr Walton but I understand that this has now been released although I await documentary proof. Finally, there is a rent deposit deed in respect of premises at 23 Old Bond Street, which premises are still occupied by TDR in Administration.
- 9.3 There is one secured creditor in respect of Holdings, where a debenture containing fixed and floating charges over the Company's assets and undertaking is held by Mr de Keyser. Again, I await my solicitors' advice concerning the validity of this debenture.
- 9.4 Whilst the assets remain to be realised in toto, I can confirm that there is unlikely to be a dividend for either preferential or unsecured creditors in Holdings and given the level of preferential creditors, which has been indicated to me in respect of TDR, I consider it unlikely currently that there will be any dividend payable to unsecured creditors. There will, however, be a distribution made to the preferential creditors of TDR.
- 9.5 I should emphasise that the outcome of the administration and hence, the dividend prospects of unsecured creditors is dependent on a number of factors including the quantum of the preferential claims and the outcome of the administration trading. Dividend prospects have also been reduced since the preparation of my report in accordance with Rule 2.2 as the Companies' figures have been updated since those available at the date of my report (31 March 2002).

10. Conclusion

- 10.1 The Joint Administrators are obliged under the provisions of the Company Directors Disqualification Act 1986 to report to the Secretary of State for Trade & Industry on the conduct of director(s) and, in this connection, if you are aware of any matters to which reference should be made in this report, then I should be grateful if you would advise me as quickly as possible.

10.2 There will of course be the opportunity to discuss any matters affecting the administrations at the forthcoming combined meeting of creditors, subject to creditors not objecting to the financial affairs of the Companies being discussed together. I have enclosed formal notice of the combined meeting of creditors which has been convened for 2.30 pm on Monday 9 September 2002, to be held at The Large Pension Room, Gray's Inn, London WC1.

Yours faithfully
for and on behalf of
The Designer Room Limited &
The Designer Room (Holdings) Limited

A handwritten signature in black ink, appearing to read 'V M Bairstow', is written over a large, empty oval shape.

V M Bairstow
Joint Administrator

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

**THE DESIGNER ROOM LIMITED & THE DESIGNER ROOM (HOLDINGS) LIMITED –
BOTH IN ADMINISTRATION
Notes regarding Entitlement to Vote at Section 23 Meeting**

Rule 2.22 Entitlement to Vote

Conditions for voting – Subject as follows, at a meeting of creditors in administration proceedings a person is entitled to vote only if:-

- a) he has given to the Administrator, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of the debt which he claims to be due to him from the company, and the claim has only been duly admitted under the following provisions of this Rule, and
- b) there has been lodged with the Administrator any proxy which he intends to be used on his behalf.

Details of the debt must include any calculation for the purposes of the following:-

(i) Secured Creditors

At a meeting of creditors a secured creditor is entitled to vote only in respect of the balance (if any) of his debt after deducting the value of his security as estimated by him.

(ii) Holders of negotiable instruments

A creditor shall not vote in respect of a debt on, or secured by, a current bill of exchange or promissory note, unless he is willing:-

- a) to treat the liability to him on the bill or note of every person who is liable on it antecedently to the company, and against whom a bankruptcy order has not been made (or, in the case of a company, which has not gone into liquidation), as a security in his hands, and
- b) to estimate the value of the security and, for the purpose of his entitlement to vote, to deduct it from his claim.

(iii) Retention of Title Creditors

For the purpose of entitlement to vote at a creditors' meeting in administration proceedings, a seller of goods to the company under a retention of title agreement shall deduct from his claim the value, as estimated by him, of any rights arising under that agreement in respect of goods in possession of the company.

(iv) **Hire-purchase, conditional sale and chattel leasing arrangements**

Subject as follows, an owner of goods under a hire-purchase or chattel leasing agreement, or a seller of goods under a conditional sale agreement, is entitled to vote in respect of the amount of the debt due and payable to him by the company as at the date of the administration order.

In calculating the amount of any debt for this purpose, no account shall be taken of any amount attributable to the exercise of any right under the relevant agreement, so far as the right has become exercisable solely by virtue of the presentation of the petition for an administration order or any matter arising in consequence of that, or of the making of the order.

IN THE MATTER OF THE INSOLVENCY ACT 1986

£ _____

3. 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

.....

4. I appoint the above person to be my / the creditor's proxy-holder at the meeting of creditors to be held on 9 September 2002 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

5. For the acceptance / rejection of the administrators' proposals / revised proposals as circulated [with the following modifications]:-

.....
.....
.....

For the appointment of _____ of _____ representing _____
_____ as a member of the creditors' committee.

6. Signature: Date:

Name in CAPITAL LETTERS:

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

.....

NOTES TO PROXY FORM 8.2

1. Please give full name and address for communication.
2. Attach a statement or other documentary evidence of your claim.
3. 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 names of the alternatives as well.
4. Please delete words in brackets if the proxy holder is only to vote as directed, ie he has no discretion.
5. Please complete paragraph if you wish to propose specific voting instructions.
6. This form must be signed.
7. Only to be completed if the creditor has not signed in person.