

2.24B**Administrator's progress report**

Name of Company Dunlop Latex Foam Limited	Company number 03323400
In the High Court Leeds DR [full name of court]	Court case number 1285 of 2008

We
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Leeds
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Administrators of the above company attach a progress report for the period

from	to
2 September 2008	1 March 2009

Signed


Joint Administrators

Dated

20 March 2009

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

Alex Jones KPMG LLP Quayside House 110 Quayside Newcastle upon Tyne NE1 3DX DX Number DX 742280 Newcastle u Tyne 35		Tel DX Exchange
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Dunlop Latex Foam Limited
(in administration)

**Report to Creditors pursuant
to Rule 2.47 of the
Insolvency (Amendment)
Rules 2003**

KPMG LLP
27 March 2009

hs/sg/gw/aj

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Notice: About this Report

This Report has been prepared by Howard Smith and Richard Philpott, the Joint Administrators of Dunlop Latex Foam Limited, solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in Dunlop Latex Foam Limited.

Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this Report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report to any such person.

Howard Smith and Richard Philpott are authorised to act as insolvency practitioners by the Insolvency Practitioners Association.

The Joint Administrators act as agents for Dunlop Latex Foam Limited and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the administration.



Glossary

Joint Administrators	Howard Smith and Richard Philpott both of KPMG LLP.
Administration	The Administration Notice filed at the High Court of Justice, Chancery Division, Leeds District Registry in respect of Dunlop Latex Foam Limited dated 2 September 2008. Court Administration Order number 1285 of 2008.
The Company	Dunlop Latex Foam Limited (company registered number 03323400)
Super Selector	Super Selector SARL
SIP	Statement of Insolvency Practice
Act	Insolvency Act 1986
EC Regulation	Council Regulations (EC) No.1346/2000



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1 Introduction

Creditors have previously been informed that, at the request of the Company acting by its directors, Howard Smith and Richard Philpott of KPMG LLP were appointed Joint Administrators of Dunlop Latex Foam Limited ("the Company") on 2 September 2008 in the High Court of Justice, Chancery Division, Leeds District Registry. The Court Administration Order number is 1285 of 2008.

In accordance with Rule 2.47 of the Insolvency (Amendment) Rules 2003 we are writing to provide an update on the progress of the first six months of the administration. We also enclose Form 2.24B attached at appendix 2.

Statutory information for the Company is outlined in Appendix 1 and an abstract receipts and payments account for the first six months of the Administration is attached at Appendix 3. Other information required by Rule 2.47 of the Insolvency (Amendment) Rules 2003 is included in the main body of the report and the appendices. A schedule of the administrators' time costs and disbursements is attached at Appendix 4 together with a guide to administrators' fees at Appendix 5.

In accordance with paragraph 100 (2) of Schedule B1 of the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them.

The EC Regulation on Insolvency Proceedings 2000 will apply in this matter and these proceedings will be the main proceedings as defined in Article 3 of the EC Regulation. The Company's registered office and centre of main interests are in the United Kingdom.

2 Joint Administrators' proposals

In accordance with Paragraph 52(1) of Schedule B1 of the Insolvency Act 1986, the Joint Administrators did not summon an initial meeting of creditors as the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of section 176A(2)(a) of the Insolvency Act 1986, the prescribed part.

As no meeting was requisitioned in accordance with the above, pursuant to Rule 2.33(5) of the Insolvency Rules 1986, the following resolutions 1 and 2 (excluding proposals relating to the Joint Administrators' remuneration) set out below were deemed to have been approved by the creditors:

RESOLUTION (1):

- to continue to do all such things reasonably expedient and generally exercise all their powers as contained in Schedule 1 to the Act as Joint Administrators as they, in their

discretion, consider desirable in order to maximise realisations from the assets of the Company;

- to seek an extension to the administration period if deemed necessary by the Joint Administrators pursuant to Paragraph 76 of schedule B1 to the Act;
- to seek if appropriate, permission of the Court to make a distribution to unsecured creditors of the Company pursuant to Paragraph 65 of Schedule B1 to the Act;
- when it is considered that no further distributions to creditors will be made and that the Joint Administrators have concluded their duties, to take the necessary steps to move the Company from administration to Dissolution, pursuant to Paragraph 84 of Schedule B1 to the Act. If the Joint Administrators consider that a distribution will be made to unsecured creditors of the Company, to take the necessary steps to move the Company into Creditors' Voluntary Liquidation pursuant to Paragraph 83 of Schedule B1 to the Act;
- if Creditors' Voluntary Liquidation is deemed appropriate, the Joint Administrators will seek the appointment of Howard Smith and Richard Philpott as Joint Liquidators of Dunlop Latex Foam Limited, without any further recourse to creditors. In accordance with Paragraph 83(7) of Schedule B1 to the Act and Rule 2.117(3) of the Insolvency Rules 1986, creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the proposals and before the proposals are approved;
- if one of the criteria set out in Paragraph 79(2) of schedule B1 to the Act apply to the Company, to make an application to court to end the administration and, if deemed appropriate, to petition the court for the winding up of the Company. If appropriate, the Joint Administrators will, at the same time, apply to be appointed as Joint Liquidators under Section 140(1) of the Act;
- in the event that Howard Smith and Richard Philpott are appointed Joint Liquidators then they will be allowed to act jointly and severally; and
- the Joint Administrators will be discharged from liability under Paragraph 98 of schedule B1 to the Act immediately upon their appointment as Joint Administrators ceasing to have effect.

RESOLUTION (2):

In relation to Joint Administrators' fees:

- that in the event that no creditors' committee is formed, the Joint Administrators will be authorised to draw fees on account from the assets of the Company from time to time during the period of administration based on time properly spent at KPMG LLP time rates in accordance with rule 2.106. In the event that Howard Smith and Richard Philpott be appointed Joint Liquidators that they will be able to draw fees on the same basis as the Joint Administrators as agreed by the Company's creditors. Also, the Joint Administrators will be authorised to draw disbursements from time to time to include category two disbursements; and



- that the costs of KPMG LLP in respect of HSE, Pension, Tax and VAT advice provided to the Joint Administrators be based upon time costs and shall be paid out of the assets of the Company.

3 Purpose of the administration

Paragraph 3(1) of Schedule B1 of the Insolvency Act 1986 states that the Administrator of a company must perform his functions with the objective of:

- (a) rescuing the company as a going concern; or
- (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up; or
- (c) realising property in order to make a distribution to one or more secured or preferential creditors.

The Administrators concluded that the first prescribed objective under Paragraph 3 (1) (a); to rescue the Company as a going concern was not achievable.

Consequently, the Administrators have performed their functions in relation to the Company with the objective set out in Paragraph 3 (1) (b); to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up.

4 Progress of the administration to 1 March 2009

4.1 Initial strategy and sale of the business

As disclosed in our previous report to creditors, the initial strategy upon appointment was to trade the business for a short period whilst the Administrators sought a sale of the business as a going concern. In addition, a continuation of trading was likely to increase overall realisations through the completion of existing work in progress and protection of the Company's debtor book by continuing to supply customers in the short term.

After receiving a high level of initial interest and issuing a sales memorandum to 43 interested parties, the Administrators entered into negotiations with two parties, subsequently issuing contracts to both.

Following a limited period of due diligence undertaken by the two potential purchasers a sale was concluded with Latex Foam Assets Acquisition LLC (a subsidiary of Latex Foam International LLC, LFI) on 11 September 2008 for a total consideration of £2 million. Whilst not a going concern sale, this deal offered the best available financial return for creditors.



In order to fulfil outstanding orders, protect the debtor book and generate residual stock realisations, an extended wind down of the business was implemented on conclusion of the sale.

In addition to the ongoing debtor recoveries, the Administrators undertook a clearance operation at the Company's site at Pannal and sought to realise all other unsold assets including stock, intellectual property and certain items of plant and machinery. This process was concluded on 4 December 2009 when the leasehold property at Pannal was surrendered to the landlord of the site.

4.2 Administrators' trading

As previously reported the Administrators traded the business for circa 5 weeks, with trading ceasing during the week ended 3 October 2008. Total sales during the period were £1.1 million. The Administrators are currently finalising their trading position and forecast that a trading profit will be achieved for this period.

The majority of employees were made redundant in two stages on 15 and 19 September 2008. 16 staff were retained to assist the Administrators complete the site wind down, collect book debts and complete other statutory duties. A further 8 redundancies were made on 30 September 2008, leaving a core team of 8 employees. The remaining employees were made redundant on 31 October 2008.

4.3 Book debts

Upon appointment, outstanding book debts totalled circa £3.5 million. KPMG's Receivables Realisation Group ("RRG") attended the site on day 1 to undertake reconciliation, review the sales ledger and agree a reporting system with the credit control team.

The Administrators retained the services of the Company's credit controller and the Finance Director to assist in the book debt collection.

Book debt collections continue to be managed by the Joint Administrators. £3.2 million has been collected to date in the period since our appointment. Debts have been largely completed with £261,000 written-off relating to rebates, contras, disputes and discounts. Future collections of £10,000 are expected.

4.4 Brand sale

The Company owned a number of latex brands in certain countries around the world. The Administrators held negotiations with a number of interested parties and the total realised to date for the sale of the Company's brands is £280,000.

4.5 Leasehold property

The Company entered into an overage agreement in July 2005 with the landlord of the freehold site which allowed for the Company to receive certain sums upon the landlord

obtaining planning permission for redevelopment. Under the terms of the agreement, £1 million was payable upon the landlord achieving planning permission and a further £1 million was payable if certain additional conditions were achieved regarding housing density. Conditions were set out in the agreement that determined the value and timing of the overage that the Company would be entitled to.

The Administrators reviewed the overage agreement with their legal advisors and entered into detailed negotiations with the landlord. There was a commercial risk that the value of the overage agreement would dissipate over time and as a result the Administrators agreed a deal whereby a payment of £850,000 was received in full and final settlement of the overage agreement.

4.6 Plant and machinery

The Administrators have worked closely with our agents Sanderson Weatherall to realise the remaining items of plant and machinery not included in the sale to Latex Foam Assets Acquisition LLC.

The total realisations from plant and machinery is £274,000.

4.7 Health, safety and environmental responsibilities

There have been significant health, safety and environmental (HSE) considerations associated with cessation of this large manufacturing operation.

The Administrators consulted KPMG's Global Sustainability Service (GSS) with regard to HSE issues during the wind down of the site, in particular around the safe disposal of a number of toxic chemicals used in the manufacture and refrigeration processes, statutory documentation required for this disposal and security of the site. An element of the chemical clearance was also a necessary requirement of the landlord under the terms of the overage settlement.

4.8 Statutory Investigations

In accordance with the Administrators' statutory duties, an investigation into the conduct of the directors has been undertaken, and a return submitted to the Department of Business, Enterprise and Regulatory Reform.

We are continuing to investigate an antecedent transaction to determine whether the Company has a claim that may benefit creditors.



5 Estimated outcome for creditors

5.1 Secured creditors

At the date of appointment the venture capital funder Super Selector was owed in the region of £6.1 million comprising a loan of £5.6 million and accrued interest thereon of approximately £0.5 million.

Super Selector had issued loan notes to the Company's ultimate parent company, Dunlop Latex Foam (Holdings) Limited ("Holdings") to purchase the Company when it was acquired by its existing shareholders in 2007. These loan notes were secured by a debenture incorporating a fixed and floating charge over the assets and undertakings of the Company and with cross guarantees in place between Holdings and the Company.

The secured creditor Super Selector has to date been repaid £5 million. We currently estimate that a further payment will be made of £1m. We are seeking confirmation from Super Selector of their outstanding balance including accrued interest.

5.2 Preferential creditors

We estimate that preferential claims in the administration will be in the region of £96,000. This comprises employees' claims for arrears of wages and holiday pay. Based on current estimates of realisations the Administrators believe that there will be sufficient funds to repay preferential creditors in full.

5.3 Funds available to prescribed part

The Insolvency Act 1986 (Prescribed Part) Order 2003 applies in this case as the qualifying floating charge was created post 15 September 2003. This legislation allows a proportion of the Company's net property to be realised for the benefit of the Company's unsecured creditors.

Net property is defined as the funds available after the payment of the administration costs and preferential creditors that would have been previously paid to the floating charge holder. The Prescribed Part is calculated as a percentage of floating charge realisations (after costs and preferential creditors), being 50% of the first £10,000 and 20% of the balance up to a maximum of £600,000.

Based on current information, the Joint Administrators estimate that the Prescribed Part may yield the maximum £600,000 for distribution to unsecured creditors.

5.4 Unsecured creditors

The total value of unsecured creditors shown on the statement of affairs is £7.7 million. This includes an amount due to the Company's defined benefit pension scheme of £3.7

million. This claim may turn out to be significantly higher and we are awaiting confirmation from the Pension Trustees/Regulator.

Based on the Administrators current estimates it appears unlikely that any dividend will become available to unsecured creditors over and above the Prescribed Part.

6 Receipts and payments

An abstract of the Administrators' receipts and payments for the period 2 September 2008 to 1 March 2009 is attached at Appendix 1.

All transactions are shown net of VAT.

6.1 Receipts

6.1.1 Trading receipts

6.1.1.1 Sales receipts

Trade debt collection has been largely completed with £1,127,678 received to date from customers in respect of sales made in the administration trading period.

6.1.2 Realisation of assets

Total non-trading asset realisations of £7.6 million have been achieved to date. The main categories of realisations are set out below.

6.1.2.1 Overage

£850,000 has been received in respect of the overage agreement as outlined in section 4.5.

6.1.2.2 Sale consideration – customer order book & plant and machinery

Of the £2 million sales consideration, £1.75 million has been allocated to customer order book and £0.25 million to plant and machinery. This is in line with the plant and machinery valuations obtained from our agents Sanderson Weatherall.

6.1.2.3 Plant and machinery

Further plant and machinery not included in the sale to Latex Foam Assets Acquisition LLC above have been sold realising £24,089. Total realisations for plant and machinery are £274,089.

6.1.2.4 Stock

Sale of stock belonging to the Company realised £185,937.



6.1.2.5 *Deferred Income*

Deferred income of £58,625 has been received. This related to the settlement of a license arrangement with a customer of the Company.

6.1.2.6 *Brands*

To date £280,000 has been realised from the sale an option to purchase the Company's brands to LFI. If LFI choose to exercise this option a further £20,000 is payable by them.

6.1.2.7 *Book debts*

As stated in section 4.3 above, £3,193,404 has been collected to date from customers.

6.1.2.8 *Cash at bank*

Cash at bank upon appointment was held in two sterling and four foreign currency accounts. The sterling value of the funds transferred to the Administrators' account total £584,151. We are in the process of closing these accounts when small remaining balances will be transferred.

6.1.2.9 *Other receipts*

Other receipts include a rates refund of £33,732, a refund of a security deposit of £12,000, a VAT refund of £57,026 an insurance refund of £1,553 and interest received of £16,662. Foreign exchange differences on conversion of debtor receipts currently result in a net gain of £290,929.

6.2 *Payments*

6.2.1 *Trading expenses*

Total expenses in the trading period are £948,815 to date. This figure includes trading purchases of £228,940 for raw materials and packaging materials, ransom payments of £133,762 to release goods in transit at appointment, wages of £286,382 and £27,461 paid in respect of retention of title claims. £109,632 was paid in respect of utilities for the trading period and £67,309 for carriage with the remainder of the trading costs totalling £95,329 including rates, hire and leasing of equipment, security, professional fees and sub-contractor fees.

The Administrators are currently in the process of finalising their trading position and anticipate achieving a trading surplus in excess of £100,000.

6.2.2 *Other administration expenses*

6.2.2.1 *Professional fees*

Total fees and disbursements paid to date are £77,082. This comprises £52,570 paid to our solicitors, Eversheds LLP and £24,512 to our agents Sanderson Wetherall.



6.2.2.2 Property Expenses

Property expenses total £244,579. £116,066 relates to costs incurred in decommissioning the Company's plant at Pannal to ensure safe removal of hazardous chemicals and waste in line with Health and Safety Regulations. In addition one quarter's rent of £112,500 was paid to secure the overage settlement. Other costs of £16,013 relate to site security and sundry site costs.

6.2.2.3 Other administration expenses

Other expenses of £43,344 have been paid including statutory advertising, company searches, bank charges, hire of equipment, carriage, credit insurance and storage costs incurred since the Administrators ceased trading.

7 Future conduct of the administration

7.1 Administrators' actions

The Joint Administrators will continue to manage the business and affairs of the Company.

The key remaining issues to be dealt with include, but are not limited to:

- collection of outstanding book and trade debts;
- finalising the administration, including payment of all administration liabilities;
- payment of preferential dividend;
- completion of investigations into antecedent transactions;
- further statutory reporting to creditors on the progress of the administration;
- agreeing corporation tax refund and obtaining tax and VAT clearance; and
- any other matters arising.

Upon completion of these remaining issues, we will take the necessary steps to bring the administration to an end.

7.2 End of the administration

Following the completion of the points outlined in section 7.1, it is the intention of the Administrators that the Company be placed into liquidation in order to make a distribution of the prescribed part.



8 Costs of realisation

In achieving total realisations to date of £8.7 million, KPMG LLP have incurred time costs to date of £681,404.50. Key areas where costs have been incurred are as follows:

- trading the Company and the sale of the business and assets;
- book debt collection;
- decommissioning and clearance of the plant at the Company's Pannal site;
- obtaining creditor information and dealing with creditor queries;
- dealing with employee matters; and
- other statutory matters and notifications necessary to the proper conduct of the administration.

A full analysis of the Administrator's costs to date prepared in accordance with the provisions of the SIP 9 is attached at Appendix 3 and a creditor's guide to fees is enclosed at Appendix 4.

The Administrators have instructed KPMG Tax, Pensions, HSE (Health, Safety & Environment) and VAT specialists to carry out assessments of the Group's position. Their costs are reflected in the total KPMG time costs detailed above.

To date the Administrators have not drawn any fees.

In accordance with Rule 2.106 (5A) of Insolvency Rules 1986, our remuneration may be fixed by the approval of the secured and preferential creditors of the Company. At the date of this report, the Administrators have obtained the approval of the secured creditor to draw a fee on account of £400,000. The Administrators are seeking the approval of the preferential creditors to the fee resolution included in the Administrators' proposals. It is the intention of the Administrators to draw a fee of £400,000 once preferential creditor approval has been obtained.



9 Other matters

The EC Regulations apply to these proceedings which constitute main proceedings as defined in Article 13 of the EC Regulations. The centre of main interest of the company is in England within the EC.

Pursuant to rule 2.33(1) (ii) of the Insolvency Rules 1986 (as amended) the Joint Administrators must state whether they intend to make an application to the Court, under section 176A(5) of the Insolvency Act 1986, for an order that they are not required to make a distribution to unsecured creditors on the ground that the costs of doing so would be disproportionate to the benefits. The Joint Administrators do not intend to make such an application at this stage

In accordance with Rule 24.7 of the Insolvency (Amendments) Rules 2003, the next progress report is due within 1 month of the end of the six month period ending 1 September 2009, or within 1 month of the discharge of the administration order.

Should you have any queries regarding the content of this report then please contact Alex Jones of my staff on 0191 401 3958

Richard Philpott
Joint Administrator



Appendix 1 – Statutory information

Company name	Dunlop Latex Foam Limited
Company number	03323400
Previous registered office	Station Street Pannal Harrogate North Yorkshire HG3 1JL
Present registered office	1 The Embankment Neville Street Leeds LS1 4DW



Dunlop Latex Foam Limited (in administration)
Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules 2003
KPMG LLP
27 March 2009

Appendix 2 – Abstract of Administrator’s Receipts and Payments Account - Form 2.24

RECEIPTS		£
Brought forward from previous Abstract (if Any)		0.00
Sales		1,127,677.70
Overage		850,000.00
Customer Order Book		1,750,000.00
Brands		280,000.00
Bank interest, gross		354.91
Bank interest, net of tax		4,251.26
Plant & machinery		274,089.00
Stock		185,937.45
Book debts		3,193,403.96
Deferred income		58,625.81
VAT refunds (pre-app'ent)		57,025.55
Cash at bank		584,150.62
Insurance refund		1,552.81
Bank interest, gross		12,056.19
Sundry refunds		45,732.33
Exchange rate gain/loss		290,929.13
Fixed charge VAT payable		3,898.49
Floating ch. VAT payable		73,796.20
Floating ch. VAT control		3,400.67
Carried forward to		8,796,882.08
* continuation sheet / next abstract		
PAYMENTS		£
Brought forward from previous Abstract (if Any)		0.00
Purchases		228,939.75
Direct labour		286,382.65
Direct expenses		2,516.10
Electrical sub contractors		8,827.40
Security		29,752.48
Rates		16,087.73
Utilities		109,632.28
ROT		27,461.44
Carriage		67,308.72
Insurance		6,803.00
Payroll sub contractor		1,187.13
IT costs		4,220.54
Hire of equipment		19,323.24
Repairs and maintenance		6,549.76
Sundry expenses		61.75
Force Majeure		133,761.64
Legal fees		22,000.00
Legal Disbursements		263.80
Agents'/Valuers' fees		10,000.00
Bank charges		54.00
Carried forward to		981,133.41
* continuation sheet / next abstract		

* Delete as appropriate

* Delete as appropriate

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the administrator since he was appointed.

* Delete as appropriate

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Dunlop Latex Foam Limited (in administration)
Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules 2003
KPMG LLP
27 March 2009

Appendix 3 - Abstract of Administrators' Receipts and Payments Period Account from 2 September 2008 to 1 March 2009

Dunlop Latex Foam Limited
(In Administration)
Administrators' Trading Account

Statement of Affairs	From 02/09/2008 To 01/03/2009	From 02/09/2008 To 01/03/2009
POST-APPOINTMENT SALES		
Sales	1,127,677.70	1,127,677.70
	<u>1,127,677.70</u>	<u>1,127,677.70</u>
PURCHASES		
Purchases	228,939.75	228,939.75
	<u>(228,939.75)</u>	<u>(228,939.75)</u>
OTHER DIRECT COSTS		
Direct labour	286,382.65	286,382.65
Direct expenses	2,516.10	2,516.10
Electrical sub contractors	8,827.40	8,827.40
	<u>(297,726.15)</u>	<u>(297,726.15)</u>
TRADING EXPENSES		
Security	29,752.48	29,752.48
Rates	16,087.73	16,087.73
Utilities	109,632.28	109,632.28
ROT	27,461.44	27,461.44
Carriage	67,308.72	67,308.72
Insurance	6,803.00	6,803.00
Payroll sub contractor	1,187.13	1,187.13
IT costs	4,220.54	4,220.54
Hire of equipment	19,323.24	19,323.24
Repairs and maintenance	6,549.76	6,549.76
Sundry expenses	61.75	61.75
Force Majeure	133,761.64	133,761.64
	<u>(422,149.71)</u>	<u>(422,149.71)</u>
TRADING SURPLUS/(DEFICIT)	<u>178,862.09</u>	<u>178,862.09</u>

Dunlop Latex Foam Limited
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 02/09/2008 To 01/03/2009	From 02/09/2008 To 01/03/2009
	FIXED CHARGE ASSETS		
2,000,000.00	Leasehold property	NIL	NIL
	Overage	850,000.00	850,000.00
1,750,000.00	Customer Order Book	1,750,000.00	1,750,000.00
	Brands	280,000.00	280,000.00
	Bank interest, gross	354.91	354.91
	Bank interest, net of tax	4,251.26	4,251.26
9,000.00	RBS One Card deposit Account	NIL	NIL
		<u>2,884,606.17</u>	<u>2,884,606.17</u>
	FIXED CHARGE COSTS		
	Legal fees	22,000.00	22,000.00
	Legal Disbursements	263.80	263.80
	Agents'/Valuers' fees	10,000.00	10,000.00
	Bank charges	54.00	54.00
	Property Expenses	116,065.84	116,065.84
	IP Force majeure	7,500.00	7,500.00
	Rent	112,500.00	112,500.00
		<u>(268,383.64)</u>	<u>(268,383.64)</u>
	FIXED CHARGE CREDITORS		
	Fixed charge creditor	<u>2,250,000.00</u>	<u>2,250,000.00</u>
		<u>(2,250,000.00)</u>	<u>(2,250,000.00)</u>
	ASSET REALISATIONS		
250,000.00	Plant & machinery	274,089.00	274,089.00
	Stock	185,937.45	185,937.45
275,000.00	Stock - work in progress	NIL	NIL
3,405,006.00	Book debts	3,193,403.96	3,193,403.96
240,000.00	Deferred income	58,625.81	58,625.81
57,026.00	VAT refunds (pre-app'ent)	57,025.55	57,025.55
611,250.00	Cash at bank	584,150.62	584,150.62
	Insurance refund	1,552.81	1,552.81
30,000.00	Prepayments	NIL	NIL
		<u>4,354,785.20</u>	<u>4,354,785.20</u>
	OTHER REALISATIONS		
	Bank interest, gross	12,056.19	12,056.19
	Sundry refunds	45,732.33	45,732.33
	Trading Surplus/(Deficit)	178,862.09	178,862.09
	Held items	(3,008.06)	(3,008.06)
	Exchange rate gain/loss	290,929.13	290,929.13
		<u>524,571.68</u>	<u>524,571.68</u>
	COST OF REALISATIONS		
	Consultancy fees	5,807.51	5,807.51
	Administrators' expenses	48.00	48.00
	Agents'/Valuers' fees	11,500.00	11,500.00
	Agents' Disbursements	3,011.79	3,011.79
	Legal fees	30,000.00	30,000.00
	Legal Disbursements	306.00	306.00
	Hire of Equipment	4,418.98	4,418.98
	Storage costs	1,850.00	1,850.00

Dunlop Latex Foam Limited
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 02/09/2008 To 01/03/2009	From 02/09/2008 To 01/03/2009
Re-direction of mail	49.80	49.80
Statutory advertising	258.75	258.75
Other property expenses	16,013.26	16,013.26
Credit insurance	6,898.27	6,898.27
Bank charges	902.00	902.00
Irrecoverable VAT	8.75	8.75
Carriage	<u>12,539.13</u>	<u>12,539.13</u>
	(93,612.24)	(93,612.24)
FLOATING CHARGE CREDITORS		
(6,132,000.00) Floating charge	<u>2,750,000.00</u>	<u>2,750,000.00</u>
	(2,750,000.00)	(2,750,000.00)
UNSECURED CREDITORS		
(3,841,052.00) Trade & expense	NIL	NIL
(68,906.00) Connected companies	NIL	NIL
(98,321.00) Corp tax etc/nonpref PAYE	NIL	NIL
(3,707,000.00) Pension Scheme	<u>NIL</u>	<u>NIL</u>
	NIL	NIL
DISTRIBUTIONS		
(700,000.00) Ordinary shareholders	<u>NIL</u>	<u>NIL</u>
	NIL	NIL
(5,919,997.00)	<u>2,401,967.17</u>	<u>2,401,967.17</u>

REPRESENTED BY

Floating ch. VAT rec'able	127,200.35
Fixed charge current	360,457.15
Floating charge current	1,985,741.16
Fixed charge VAT rec'able	9,663.87
Fixed charge VAT payable	(3,898.49)
Floating ch. VAT payable	(73,796.20)
Floating ch. VAT control	(3,400.67)
	<u>2,401,967.17</u>

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Howard Smith
Administrator



Dunlop Latex Foam Limited (in administration)
Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules 2003
KPMG LLP
27 March 2009

Appendix 4 – Schedule of Administrators' Time Costs and Disbursements

Dunlop Latex Foam Limited in administration

Reporting period: 02 September 2008 to 01 March 2009

SIP 9 Compliant fees worksheet

Consolidated time spent by grade
Activity

Administration & planning

Pre appointment checks
Appointment related formalities
Statutory Receipts & Payments
Bonding & bordereau
Strategy documents
Reports to debenture holders
Checklist & reviews
Shareholder correspondence
Reports to shareholders
Fees & WIP
Books and records
Complaints - non formal or regulatory
General cashiering
Reconciliations
Initial CT & VAT reviews
Post appointment VAT
Post appointment CT

Activity	Partner/Director	Management	Administrators	Support	Total Hours	Total Cost £	Average Rate £
Pre appointment checks	0.00	1.00	0.20	0.00	1.20	406.00	338.33
Appointment related formalities	3.50	8.20	94.10	0.00	105.80	18,449.00	174.38
Statutory Receipts & Payments	0.00	12.00	17.30	0.00	29.30	6,119.00	208.84
Bonding & bordereau	0.00	0.00	0.50	0.00	0.50	102.50	205.00
Strategy documents	19.60	32.00	0.00	0.00	51.60	18,400.00	356.59
Reports to debenture holders	30.50	31.50	2.00	0.00	64.00	22,867.50	357.30
Checklist & reviews	0.00	12.00	4.50	0.00	16.50	5,055.00	306.36
Shareholder correspondence	0.00	0.00	38.00	0.00	38.00	6,277.50	165.20
Reports to shareholders	0.00	0.00	27.00	0.00	27.00	4,050.00	150.00
Fees & WIP	0.00	1.00	12.00	0.00	13.00	2,165.00	166.54
Books and records	0.00	2.00	25.30	0.00	27.30	4,525.00	165.75
Complaints - non formal or regulatory	1.00	0.00	0.00	0.00	1.00	400.00	400.00
General cashiering	0.40	0.00	39.40	0.00	39.80	6,097.50	153.20
Reconciliations	0.00	4.50	10.30	0.00	14.80	3,231.50	218.34
Initial CT & VAT reviews	1.50	0.20	1.20	0.00	2.90	904.00	311.72
Post appointment VAT	0.70	5.00	17.90	0.00	23.60	5,312.50	225.11
Post appointment CT	10.30	36.70	59.10	0.00	106.10	26,672.50	251.39
	67.50	146.10	348.80	0.00	562.40	131,034.50	232.99

Investigation

D Form drafting/submission
Statement of affairs
Correspondence with directors
Pre appointment transactions

D Form drafting/submission	0.00	0.00	31.00	0.00	31.00	5,640.00	181.94
Statement of affairs	0.00	0.00	1.50	0.00	1.50	225.00	150.00
Correspondence with directors	0.00	0.00	0.50	0.00	0.50	75.00	150.00
Pre appointment transactions	3.00	0.00	0.00	0.00	3.00	1,200.00	400.00
	3.00	0.00	33.00	0.00	36.00	7,140.00	198.33

Realisation of assets

Freehold property
Leasehold property
Plant & machinery

Freehold property	5.10	38.00	0.00	0.00	43.10	15,975.00	370.65
Leasehold property	8.90	37.50	0.00	0.00	46.40	14,950.00	322.20
Plant & machinery	0.00	9.00	2.00	0.00	11.00	2,910.00	264.55

Consolidated time spent by grade Activity

	Partner/Director	Management	Administrators	Support	Total Hours	Total Cost £	Average Rate £
Office equipment & fixtures/fitings	0.00	3.00	2.00	0.00	5.00	1,170.00	234.00
Vehicles	0.00	0.00	2.00	0.00	2.00	300.00	150.00
Stock & WIP	0.00	67.00	51.50	0.00	118.50	27,155.00	229.16
Debtors	10.00	136.40	271.70	0.00	418.10	85,931.00	205.53
Cash & investments	0.00	2.00	8.00	0.00	10.00	1,780.00	178.00
Goodwill	4.10	0.00	0.00	0.00	4.10	1,640.00	400.00
Sale of business	47.90	134.00	16.80	0.00	198.70	69,219.00	348.36
Other assets	0.00	0.00	7.00	0.00	7.00	1,050.00	150.00
Health & Safety	0.00	0.00	0.00	0.00	40.70	9,227.50	226.72
Open cover ins	0.00	3.00	1.50	0.00	4.50	1,320.00	293.33
	76.00	429.90	362.50	0.00	909.10	232,627.50	255.89

Trading

Projections & Strategy	27.50	62.00	0.00	0.00	89.50	32,155.00	359.27
Sales	0.00	62.60	45.40	0.00	108.00	26,539.00	245.73
Purchases & costs	10.10	163.50	291.00	0.00	464.60	97,620.50	210.12
Employee correspondence	2.20	10.00	206.90	0.00	219.10	44,524.50	203.22
Pension funds	3.40	4.20	0.00	0.00	7.60	2,653.00	349.08
Pension reviews	0.00	4.10	0.20	0.00	4.30	1,290.50	300.12
General cashiering	7.50	8.00	56.10	0.00	71.60	14,582.00	203.66
Reconciliations	0.00	5.50	7.30	0.00	12.80	3,454.50	269.88
Fund management	0.00	0.00	1.20	0.00	1.20	180.00	150.00
Initial CT & VAT reviews	4.00	27.30	14.80	0.00	46.10	12,886.00	279.52
Post appointment VAT	0.00	5.70	12.10	0.00	17.80	4,301.50	241.66
Post appointment CT	2.90	0.10	0.00	0.00	3.00	1,189.00	396.33
Post appointment PAYE	0.00	0.00	0.60	0.00	0.60	90.00	150.00
	57.60	353.50	639.10	0.00	1,046.20	241,465.50	230.80

Creditors

Notify creditors	1.20	1.00	3.50	0.00	5.70	1,370.00	240.35
Creditor correspondence	0.00	20.20	170.10	0.00	190.30	31,898.00	167.62
Reports to creditors	3.00	11.00	12.60	0.00	26.60	6,752.50	253.85
Secured creditors	0.00	2.00	0.00	0.00	2.00	730.00	365.00
ROT Claims	0.00	5.50	143.50	0.00	149.00	23,532.50	157.94
Pre-appointment tax & VAT refunds	0.30	1.00	1.00	0.00	2.30	690.00	300.00
Employee correspondence	0.00	0.00	13.00	0.00	13.00	2,555.00	196.54
Agree employee claims	0.00	0.00	0.00	0.00	4.00	707.50	176.88
Pension funds	0.00	0.00	0.70	0.00	0.70	105.00	150.00

Consolidated time spent by grade		Partner/Director	Management	Administrators	Support	Total Hours	Total Cost £	Average Rate £
Activity								
Pension reviews		0.00	2.50	0.20	0.00	2.70	796.50	295.00
		4.50	43.20	344.60	0.00	396.30	69,137.00	174.46
Total hours/cost		208.60	972.70	1,728.00	0.00	2,950.00	681,404.50	230.98
		Fees drawn		Hours/Costs to date				
	B/f		0.00		0.00	0.00	0.00	0.00
	In the period		0.00		2,950.00	681,404.50	230.98	
	C/f		<u>0.00</u>		<u>2,950.00</u>	<u>681,404.50</u>	<u>230.98</u>	

Notes

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.



Administrators' charge out rates

	1 October 2007 to 31 March 2009 (£)	1 April 2009 to 30 September 2009 (£)
Partner	465	515
Director	400	440
Senior Manager	365	405
Senior Manager Tax	450	450
Manager	290	320
Manager Tax	290	290
Assistant Manager	205	225
Assistant Manager Indirect Tax	315	315
Assistant Manager Tax	210	210
Case Administrator	150	165
Case Administrator Indirect Tax	235	235
Support	95	105



Appendix 5 – Creditors’ guide to Administrators’ fees

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 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 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. The administrator of a company must perform his functions with the objective of:
- rescuing the company as a going concern, or
 - 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
 - realising property in order to make a distribution to one or more secured or preferential creditors.
- 2.2 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 three and a maximum of five 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 ten weeks of the administration order to consider his proposals. The administrator must call the first meeting of the committee within three 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 2.106 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.
- 4.2 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 to be fixed as a percentage, to fix the percentage to be applied. Rule 2.106 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 assets which the administrator has to deal with.
- 4.3 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.



Dunlop Latex Foam Limited (in administration)
Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules 2003
KPMG LLP
27 March 2009

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 a 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 a 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 in the insolvency, profit costs may not be paid unless authorised by the committee, the creditors or the court.

Whilst every care has been taken in its preparation, this statement is intended for general guidance only.



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27 March 2009