

The Insolvency Act 1986

**2.24B****Administrator's progress report**

Name of Company Capricorn Cottage Limited	Company number 04230996
In the High Court of Justice, Chancery Division, Companies Court [full name of court]	Court case number 8356 of 2011

We  
Neil David Gostelow  
KPMG LLP  
Arlington Business Park  
Theale  
Reading RG7 4SD

Jane Bronwen Moriarty  
KPMG LLP  
Arlington Business Park  
Theale  
Reading RG7 4SD

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

from	to
8 September 2012	7 March 2013

Signed



Joint Administrator

Dated

7 March 2013

**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

le to

Kelly Haines  
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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

WEDNESDAY



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A24 10/04/2013 #195  
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A10 26/03/2013 #361  
COMPANIES HOUSE



**Capricorn Cottage Limited**  
**(in administration)**

**Final Progress Report**  
Pursuant to Rules 2.47, 2.110 and 2.118 of the  
Insolvency Rules 1986 (as amended)

KPMG LLP  
25 March 2013

NG/DMC/SMR/CB929E5628/1F

## **Notice: About this Report**

- This Report has been prepared by Neil David Gostelow and Jane Bronwen Moriarty, the Joint Administrators of Capricorn Cottage Limited, solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 (as amended) 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 Capricorn Cottage Limited or other companies in the same group.
- 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 (as amended) does so at their 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
- Neil David Gostelow is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales
- Jane Bronwen Moriarty is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in Ireland
- The Joint Administrators act as agents for Capricorn Cottage 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



## **Contents**

### **Notice: About this Report**

<b>Glossary</b>	<b>3</b>
<b>1 Introduction</b>	<b>4</b>
<b>2 Outcome of the administration</b>	<b>5</b>
<b>3 Costs of realisations</b>	<b>6</b>
<b>4 Estimated outcome for creditors</b>	<b>8</b>
<b>5 Investigations</b>	<b>9</b>
<b>6 Taxation</b>	<b>9</b>
<b>7 Exit from administration</b>	<b>9</b>

## **Appendices**

- 1 Statutory information
- 2 Administrators' receipts and payments account
- 3 Analysis of Administrators' time costs and schedule of rates of charging
- 4 Schedule of expenses
- 5 Administrators' proposals

## **Glossary**

Act	The Insolvency Act 1986 (as amended)
Adderley	Adderley House Limited (in administration)
Administration appointment	High Court of Justice, Chancery Division, Companies Court Court case number 8356 of 2011
Administrators	Neil David Gostelow and Jane Bronwen Moriarty of KPMG LLP
Bank/Secured creditor	National Westminster Bank plc
Company/Capricorn	Capricorn Cottage Limited (in administration)
CQC	Care Quality Commission
Director	Mr Ayaru Shandakumar
HCMS	Healthcare Management Solutions Limited
HMRC	Her Majesty's Revenue and Customs
KPMG	KPMG LLP
Rules	The Insolvency Rules 1986 (as amended)
Savills	Savills plc
Stargate	Stargate Partnership Limited (in administration)

The references in this Report to Sections, Paragraphs or Rules are to the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules 1986 (all as amended) respectively.

## **1 Introduction**

Following their appointment on 29 September 2011, the Administrators have now completed all matters in the administration and consider that it is appropriate to move the Company from administration to dissolution. Therefore, in accordance with Rules 2.110 and 2.118, below is the Administrators' final progress report covering the period from 8 September 2012 to 7 March 2013 and 8 March to 15 March 2013. Statutory information as required under Rule 2.47 is attached at Appendix 1.

An abstract of the Administrators' receipts and payments account as at 7 March and 15 March 2013 is attached at Appendix 2. The figures are shown net of VAT.

### **1.1 Administrators' proposals**

The Administrators' proposals were circulated to all known members and creditors on 22 November 2011 and were deemed approved without modification in accordance with Rule 2.33(5) on 2 December 2011.

A summary of the Administrators' proposals is attached at Appendix 5.

### **1.2 Purpose of the administration and proposal for achieving this objective**

In accordance with Paragraph 3(1), the Administrators have the following hierarchy of objectives -

- a) rescuing the Company as a going concern,
- b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), and
- c) realising property in order to make a distribution to one or more secured or preferential creditors.

In this instance rescuing the Company as a going concern was not possible due to the Company's substantial liability position.

The Administrators, therefore, concluded that objective (b) was achievable, as by facilitating the continued trading of the care home the value of the Company's assets, particularly book debts and property, would be preserved and that on completion of the administration it would be appropriate to dissolve the Company in accordance with Paragraph 84.

## **2 Outcome of the administration**

### **2.1 Trading**

Following their appointment, the Administrators instructed specialist care home managing agents, HCMS, to work alongside them to oversee the day-to-day management of the care home. The Administrators' initial strategy was to continue to trade the care home whilst seeking a purchaser for the business and assets.

HCMS continued to manage the day-to-day operations of the care home and made contact with the relevant local authorities and CQC inspectors on behalf of the Administrators.

The Bank provided £100,000 to fund the trading of the care home by way of an overdraft facility. This has since been repaid.

The Administrators continued to trade the care home until its sale was completed on 17 May 2012.

The final trading position shows a trading surplus of £45,553 for the administration period. This is summarised in the Administrators' trading account attached as part of Appendix 2.

### **2.2 Sale of business and assets**

The Administrators instructed Savills to assist them with the marketing and disposal of the Company's care home business and its assets. The sale was to include the four elements of the freehold, being the residential home, the day care centre together with two houses that were occupied by employees.

After an extensive marketing campaign contracts were exchanged to sell the property and assets on 13 April 2012. The sale was completed on 17 May 2012. The period between exchange and completion allowed time for the purchaser to register with the CQC.

The total realised for the sale of the business and assets was £1,260,000, which included £1,249,998 for the property, £10,000 for plant and machinery and £1 each for property rights and goodwill.

### **2.3 Book debts**

According to Company records, at the date of appointment there were book debts of approximately £27,000.

However, on inspection it was discovered that the true level of debts owing to the Company on appointment were in excess of £27,000. Due to the accuracy of the Company's books and records it was not possible to ascertain, with any certainty, the amount of book debts due on appointment.

The Administrators instructed HCMS to collect the Company's pre appointment book debts. During the period of Administration a total of £44,162 in respect of the Company's

pre appointment book debts were collected. The Administrators estimate that this was broadly the level of book debts outstanding as at the date of administration.

## **2.4 Post sale receipts**

HCMS collected a total of £34,240 of receipts post completion. Of these receipts, £25,574 was deemed to be attributable to the period post completion and as a result was refunded to the purchaser.

## **2.5 Other realisations**

Other realisations total £1,033 and include bank interest and sundry refunds.

# **3 Costs of realisations**

Payments made in this period are set out in the attached receipts and payments account (see Appendix 2). The figures in this account are shown net of VAT.

The schedule of expenses attached as Appendix 4 details the costs incurred, whether paid or unpaid, relating specifically to this reporting period only.

Under Rule 2.48A, creditors are advised that, within 21 days of receipt of this report, a creditor may request additional information about the Administrators' remuneration and expenses as set out in this report. A request must be in writing, and may be made either by a secured creditor or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the Court.

In addition, under Rule 2.109, any secured creditor or any unsecured creditor with either the concurrence of at least 10% in value of creditors, or with the permission of the Court, may apply to the Court to challenge the remuneration charged, the basis of remuneration or the expenses incurred by the Administrators. Any such application must be made no later than eight weeks after receipt of the first report which reports the charging of the remuneration or the incurring of expenses in question.

The full text of Rules 2.48A and 2.109 can be provided on request by writing to the Administrators at KPMG LLP, Arlington Business Park, Theale, Reading RG7 4SD.

## **3.1 Administrators' remuneration**

The statutory provisions relating to remuneration are set out in Rule 2.106. Further information is given in the Association of Business Recovery Professionals' publication *A Creditors' Guide to Administrators' Fees*, a copy of which can be obtained at [http://www.r3.org.uk/media/documents/technical\\_library/SIPS/SIP%209%20E&W.pdf](http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP%209%20E&W.pdf).

However, if you are unable to access this guide and would like a copy please contact Kelly Haines on 0118 373 1401.



The Administrators proposed that their remuneration be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the administration at their normal hourly rate of charging as set out in Appendix 3

Therefore, under Rule 2 106, where the Administrators have made a statement under Paragraph 52(1)(b), namely that there will not be a return to unsecured creditors, it is for the Secured Creditor to fix the basis of the Administrators remuneration. The Administrators, therefore, sought and obtained approval from the Secured Creditor for their remuneration to be charged by reference to time properly given by the Administrators and their staff in attending to matters arising in the administration.

The Association of Business Recovery Professional's Statement of Insolvency Practice No 9 requires the Administrators to provide a full detailed analysis of time spent, and charge out rates, for each grade of staff for the various areas of work carried out Attached as Appendix 3, is a detailed analysis of time spent and charge out rates for each grade of staff, for work carried out in the period from 8 September 2012 to 7 March 2013 and 8 March to 15 March 2013

In these periods, the Administrators have incurred time costs of £20,295 representing 79 hours at an average hourly rate of £256 and time costs of £4,722 representing 18 hours at an average hourly rate of £257 respectively This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG LLP in-house specialists This brings the Administrators' total time costs during the administration to £241,663 representing 948 hours

The Administrators have drawn remuneration totalling £118,030 plus VAT The remaining time costs incurred will be written off.

### **3.2 Agents' fees**

Agents fees in the total sum of £21,777 have been paid to Savills and Edward Symmonds in respect of valuations and the sale of the business and assets In addition, payments totalling £57,558 have been made to HCMS in respect of its management services.

### **3.3 Legal fees**

Legal fees totalling £37,366 have been paid to CMS Cameron McKenna and SJ Berwin in respect of the sale of the business and assets and other legal advice

### **3.4 Professional fees**

The Administrators have paid a total of £11,322 in respect of professional services provided to the Company including payroll services and preparation of the Company's statement of affairs

### **3.5 Insurance of assets**

The sum of £8,493 was paid to Willis Limited in respect of insurance cover for the period 29 September 2011 to 17 May 2012

### **3.6 Irrecoverable VAT**

The supply of “welfare services” by a state regulated private welfare institution, such as a residential care home, is exempt from VAT. Therefore, VAT on costs incurred is irrecoverable and an additional expense of the administration.

In the period covered by this report, £24,380 has been paid in respect of irrecoverable VAT. A total of £56,008 of irrecoverable VAT has been paid during the administration, as shown in the receipts and payments account attached at Appendix 2.

### **3.7 Book debt collection cost**

Costs in respect of collecting the book debts of the Company totalled £2,544.

### **3.8 Other costs**

Other costs are listed in the receipts and payments account and total £899. These costs include statutory advertising, other property expenses and bank charges.

## **4 Estimated outcome for creditors**

### **4.1 Secured creditors**

The Bank holds a debenture dated 20 May 2008 containing fixed and floating charges over the assets of the Company. The Bank also has cross guarantees in place between the Company, Stargate and Adderley. The Administrators’ solicitors confirmed the validity of the Bank’s security.

At the date of the Administrators’ appointment, the Company’s debt to the Bank was approximately £105,000. However, the Bank is owed approximately £1.6 million by Stargate and under the cross guarantee the Bank is able to be repaid this amount from the Company.

A payment of £720,000 was made to the Bank following the sale of the business and assets of the Company. A final distribution of £382,207 has been made, bringing total distributions to the Bank to £1,102,207.

The Bank has not recovered its debt in full.

### **4.2 Preferential creditors**

Following the sale of the business, all employees were transferred to the new company, therefore, there are no preferential creditors in this matter.

### **4.3 Unsecured creditors and Prescribed Part**

There were insufficient floating charge assets to pay a dividend to the unsecured creditors by virtue of the Prescribed Part or otherwise.



## **5 Investigations**

The Administrators have complied with their duty to investigate the conduct of the directors and to submit a return to the Department for Business, Innovation and Skills on the conduct of those directors or shadow directors who were in office in the three years prior to the administration

## **6 Taxation**

KPMG tax specialists were instructed to deal with the Company's corporation tax affairs during the administration and all necessary returns have been submitted to HMRC. HMRC has confirmed that it has no objection to the administration being closed.

## **7 Exit from administration**

Since there are no further distributable assets and all outstanding matters have been dealt with, the Administrators sought, and received, consent from the Secured Creditor to be discharged from liability in respect of any action of theirs as Administrators on the filing of this report and Form 2 35B with the Registrar of Companies. The Company will be dissolved three months from the filing of this report and Form 2 35B.

Neil David Gostelow  
*Joint Administrator*

## Appendix 1 - Statutory information

Company name and Trading style	Capricorn Cottage Limited
Administration appointment	The Administration appointment granted in the High Court of Justice, Chancery Division, Companies Court, No 8356 of 2011
Date of appointment	29 September 2011
Administrators' details	<p>Neil David Gostelow is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales</p> <p>Jane Bronwen Moriarty is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in Ireland</p>
Functions	The functions of the Administrators are being exercised by either or both of them in accordance with Paragraph 100(2)
Application of EC regulations	EC regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC regulations
Company Director	Mr Ayaru Shandakumar
Company Secretary	Mr Arjuna Shandakumar
Date of incorporation	8 June 2001
Company registration number	04230996
Previous registered office	826 Garratt Lane, London SW17 0LZ
Present registered office	KPMG LLP, Arlington Business Park, Theale, Reading RG7 4SD
Trading addresses	Capricorn Cottage, 88 Eastgate, Fleet, Holbeach, Spalding PE12 9EA
Issued share capital	100 ordinary shares of £1 each
Shareholders	<p>Ayaru Shandakumar – 49 ordinary shares of £1 each</p> <p>Kamini Shandakumar – 49 ordinary shares of £1 each</p> <p>Stargate Partnership Limited – 2 ordinary shares of £1 each</p>



*Capricorn Cottage Limited (in administration)*  
*Final Progress Report*  
*KPMG LLP*  
*25 March 2013*

## **Appendix 2 - Administrators' receipts and payments account**

**Capricorn Cottage Limited**  
**(In Administration)**  
**Administrators' Trading Account**

Statement of Affairs	From 08/09/2012 To 07/03/2013	From 29/09/2011 To 07/03/2013
POST-APPOINTMENT SALES		
Sales	NIL	413,263 19
	NIL	413,263 19
PURCHASES		
Purchases - Food & Drink	718 07	18,602 93
Purchases (2)	NIL	3,957 27
Purchases (3)	NIL	55 00
	(718 07)	(22,615 20)
OTHER DIRECT COSTS		
Direct labour	NIL	220,904 85
	NIL	(220,904 85)
TRADING EXPENSES		
Rates	1,039 83	1,304 35
Water rates	NIL	4,222 71
Heat & light	NIL	18,569 96
Telephone/Telex/Fax	NIL	554 86
Helthcare Management Solutions fees	NIL	57,558 48
Hire of equipment	NIL	14,370 90
Repairs and maintenance	NIL	15,492 01
Sundry expenses	(2,807 67)	10,061 20
Vehicle running costs	NIL	445 00
Stationery & postage	NIL	1,610 44
	1,767 84	(124,189 91)
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>1,049.77</b>	<b>45,553.23</b>

**Capricorn Cottage Limited**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs		From 08/09/2012 To 07/03/2013	From 29/09/2011 To 07/03/2013
	<b>FIXED CHARGE ASSETS</b>		
1,586,986 00	Freehold property	NIL	1,249,998 00
13,014 00	Fixtures & Fittings	NIL	NIL
		NIL	1,249,998 00
	<b>FIXED CHARGE COSTS</b>		
	Administrators' fees	92,851 40	92,851 40
	Legal fees	NIL	31,991 07
	Agents/valuers costs	1,140 98	19,889 78
		(93,992 38)	(144,732 25)
	<b>FIXED CHARGE CREDITORS</b>		
(1,632,493 00)	Fixed charge creditor - Natwest	NIL	720,000 00
		NIL	(720,000 00)
	<b>HP/LEASING</b>		
(20,500 00)	HP/Leasing asset - Mercedes Benz Van	NIL	NIL
(12,981 00)	HP/Leasing creditor - Kingsway Finance	NIL	NIL
		NIL	NIL
	<b>ASSET REALISATIONS</b>		
	Plant & machinery	NIL	10,000 00
24,000 00	Motor vehicles - Mercedes Benz Van	NIL	NIL
27,000 00	Book debts	19,020 86	44,161 85
	Property rights/Patents	NIL	1 00
	Goodwill	NIL	1 00
		19,020 86	54,163 85
	<b>OTHER REALISATIONS</b>		
	Bank interest, net of tax	659 85	897 72
	Sundry refunds	NIL	135 08
	Trading Surplus/(Deficit)	1,049 77	45,553 23
	Post Sale Admin Trading Receipts	NIL	34,239 72
		1,709 62	80,825 75
	<b>COST OF REALISATIONS</b>		
	Administrators' fees	25,178 83	25,178 83
	Irrecoverable VAT	24,380 41	56,007 67
	Book debts collection costs	2,543 73	2,543 73
	Agents'/Valuers' fees	NIL	1,887 60
	Legal fees	NIL	5,374 50
	Professional fees	153 44	10,150 92
	Refund of post sale receipts to Agemco	NIL	25,574 31
	Statutory advertising	NIL	76 50
	Other property expenses	NIL	500 00
	Insurance of assets	NIL	8,493 21
	PAYE & NIC - Overpayment	NIL	767 60
	Bank charges	NIL	299 00
	Payroll Bureau Costs	NIL	1,171 50
		(52,256 41)	(138,025 37)
	<b>UNSECURED CREDITORS</b>		
(32,420 00)	Trade & expense	NIL	NIL

**Capricorn Cottage Limited**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs		From 08/09/2012 To 07/03/2013	From 29/09/2011 To 07/03/2013
(45,000 00)	Director's Loan	NIL	NIL
(51,360 00)	PAYE	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
100 00	Ordinary shareholders	NIL	NIL
		NIL	NIL
<u>(143,654.00)</u>		<u>(125,518.31)</u>	<u>382,229.98</u>
	REPRESENTED BY		
	Floating charge current		382,229 98
			<u>382,229.98</u>

Note



### Appendix 3 - Analysis of Administrators' time costs and schedule of rates of charging

	29 Sept 2011 to 30 Sept 2012	1 Oct 2012 to Present
Partner/Director	£460 - £535	£485 - £565
Management	£345 - £425	£365 - £450
Administrators	£175 - £240	£185 - £250
Support	£110	£115

#### KPMG Restructuring policy for the recovery of disbursements

Where funds permit the officeholder will look to recover both category 1 and category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows

**Category 1 disbursements** These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

**Category 2 disbursements.** These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage. Any disbursements paid from the estate are disclosed within the attached summary of disbursements.

The only Category 2 disbursements that KPMG Restructuring currently charges is mileage, this is calculated as follows:

Mileage claims fall into three categories

Use of privately-owned vehicle or car cash alternative – 40p per mile

Use of company car – 60p per mile

Use of partner's car – 60p per mile

For all of the above car types, when carrying passengers employed by KPMG LLP an additional 5p per mile per passenger will also be charged where appropriate.

Capricorn Cottage Limited (in administration)

Time cost analysis 08 September 2012 to 07 March 2013

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
<b>Administration and planning</b>							
General (Cashiering)			11 50		11 50	£2,232 00	£194 09
Reconciliations (& IPS accounting reviews)		0 95	3 50		4 45	£1,021 75	£229 61
Purchases and trading costs		1 30	7 40		8 70	£1,857 50	£213 51
Sales		0 20	0 30		0 50	£128 50	£257 00
<b>Employees</b>							
Correspondence		0 40			0 40	£146 00	£365 00
<b>Tax</b>							
Initial reviews - CT and VAT				0 30	0 30	£43 50	£145 00
Post appointment corporation tax		2 50	0 80		3 30	£1,517 00	£459 70
<b>General</b>							
Books and records			0 20		0 20	£50 00	£250 00
Fees and WIP		1 00	1 50		2 50	£688 00	£275 20
<b>Statutory and compliance</b>							
Checklist & reviews			0 40		0 40	£74 00	£185 00
Closure and related formalities			8 20		8 20	£1,933 00	£235 73
Reports to debenture holders	1 00		0 10		1 10	£503 50	£457 73
Strategy documents		2 50	0 20		2 70	£956 50	£354 26
<b>Creditors and claims</b>							
Secured creditors			1 05		1 05	£194 25	£185 00
Statutory reports	1 00	9 30	22 40		32 70	£8,568 00	£262 02
<b>Investigations and Directors</b>							
Correspondence with directors		0 40			0 40	£146 00	£365 00
<b>Asset Realisation</b>							
Debtors			0 25		0 25	£46 25	£185 00
Freehold property		0 55			0 55	£189 75	£345 00
<b>Total in period</b>					<b>79 20</b>	<b>£20,295 50</b>	<b>£256 26</b>
Total 29 September 2011 to 7 September 2012					850 29	£216,645 05	£254 79
<b>Total time costs to 7 March 2013</b>					<b>929 49</b>	<b>236,940.55</b>	<b>£254 91</b>

The 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 functions is not charged directly to the assignment but is reflected in the general level of chargeout rates.



## Appendix 4 - Schedule of expenses

	Paid	Accrued	Totals
<b>Trading</b>			
Purchases	718 07	-	718 07
Other direct costs	-	-	-
Trading expenses	1,767 84	-	1,767 84
<b>Costs of realisation</b>			
Administrators' fees	118,030 23		118,030 23
Agents' / Valuers' fees	3,684 71	-	3,684 71
Legal fees	-	-	-
Professional fees	153 44	-	153 44
Insurance	-	-	-
Other property costs	-	-	-
Payroll bureau costs	-	-	-
Sundry expenses	-	-	-
Irrecoverable VAT	24,380 41	-	24,380 41
<b>TOTAL</b>	<b>148,734.65</b>	<b>-</b>	<b>148,734.65</b>

### Notes

#### Administrators' remuneration

The Administrators sought and obtained approval from the Secured Creditor for their remuneration to be charged by reference to time properly given by the Administrators and their staff in attending to matters arising in the administration, to include Category 2 expenses

Details of the Administrators' time costs incurred in this period are shown in the analysis of time costs at Appendix 3

#### Requests for additional information

Any additional information regarding remuneration or expenses charged for the period is available from the Administrators upon request by any of the Secured creditors or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with Rule 2 48A. This request must be made within 21 days of receipt of the report. In addition creditors are reminded that the quantum can be challenged by any of the Secured creditors or any unsecured creditor(s) with at least 10% in value (including that creditor's claim) of the unsecured debt by making an application to Court in accordance with Rule 2 109 within eight weeks of receipt of this report. The full text of these rules can be provided upon request.

## **Appendix 5 - Administrators' Proposals**

In addition to the specific itemised proposals below, this document in its entirety constitutes the Administrators' Proposals in accordance with Paragraph 49

The Administrators propose the following

- To continue to do all such things reasonably expedient and generally exercise all their powers as Administrators as they, in their discretion, consider desirable in order to maximise realisations from the assets of the Company in accordance with the objective as set out above
- To investigate and, if appropriate, pursue any claims the Company may have
- To seek an extension to the administration period if deemed necessary by the Administrators under Paragraph 76(2) (a) or (b) as appropriate
- To pay any realisations to the Secured Creditor (and preferential creditors, if appropriate)
- To apply to the Court under Paragraph 65(3) for the authority to make a distribution to unsecured creditors (under the Prescribed Part) if appropriate
- To take the necessary steps to dissolve the Company under Paragraph 84, unless circumstances arise which require the Company to be placed into liquidation. The administration will end on filing of the Administrators' final progress report with the Registrar of Companies and dissolution will take place approximately three months thereafter
- Alternatively, if appropriate, to petition the Court for a winding up order placing the Company into compulsory liquidation appointing Neil David Gostelow and Jane Moriarty as Liquidators of the Company without any further recourse to creditors. Any act required or authorised under any enactment to be done by the liquidators may be done by either one of them
- To seek their discharge from liability in respect of any action of theirs as Administrators pursuant to Paragraph 98(1) from the Secured Creditor (and preferential creditors, if appropriate)
- To draw fees on account and disbursements, including category two disbursements, from the assets of the Company from time to time during the period of the administration, based on time properly spent at KPMG LLP charge out rates that reflect the complexity of the assignment subject to the provisions of Rule 2.106
- To pay the costs of KPMG LLP in respect of forensic, tax, VAT and pension advice provided to the Administrators be based upon time costs and shall be paid out of the assets of the Company