

## Rule 1.26 The Insolvency Act 1986

Voluntary Arrangement's Supervisor's

Abstract of Receipts and Payments

Pursuant to Rule 1.26(2) (b) of the

Insolvency Rules 1986

**R1.26(2)(b)**

For Official Use

To the Registrar of Companies

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Company Number

3357010

Name of Company

J.F Wilson Shopfitters Limited

~~I / We~~

William Paxton  
 Fernwood House  
 Fernwood Road  
 Jesmond  
 Newcastle upon Tyne  
 NE2 1TJ

supervisor~~s~~ of a voluntary arrangement approved on

24/10/2003

present overleaf my ~~our~~ abstract of receipts and payments for the period from

24/10/2003

to

23/10/2004

Number of continuation sheets (if any) attached

1

Signed

Date 25-10-04

Robson Laidler LLP  
 Fernwood House  
 Fernwood Road  
 Jesmond  
 Newcastle upon Tyne  
 NE2 1TJ

Ref: E123/

Software Supplied by Turnkey Computer Technology Limited, Glasgow

For Official Use

Insolvency Sect

Post Room



A36  
 COMPANIES HOUSE

\*AN11EZQJ\*

0142  
 28/10/04

<b>RECEIPTS</b>		£
Brought forward from previous Abstract (if Any)		0.00
Debtors		795.24
Voluntary Contributions		11,685.00
Bank Interest		40.78
Carried forward to * continuation sheet / next abstract		12,521.02
<b>PAYMENTS</b>		£
Brought forward from previous Abstract (if Any)		0.00
Bank Charges		
Nominee Fee		51.45
Supervisors Disbursements		1,500.00
Supervisors Remuneration		9.80
Supervisors Bond		1,230.60
VAT		120.00
		479.58
Carried forward to * continuation sheet / next abstract		3,391.43

\* 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 supervisor since he

**J F WILSON SHOPFITTERS LIMITED  
(COMPANY VOLUNTARY ARRANGEMENT)**

**SUNDERLAND COUNTY COURT NO. 235 OF 2003**

**SUPERVISOR'S ANNUAL REPORT TO THE CREDITORS  
ISSUED IN ACCORDANCE WITH RULE 1.26 OF THE  
INSOLVENCY RULES 1986**

**DATED 25 OCTOBER 2004**

**Robson Laidler LLP  
Fernwood House  
Fernwood Road  
Jesmond  
Newcastle upon Tyne  
NE2 1TJ**

**J F WILSON SHOPFITTERS LIMITED  
(COMPANY VOLUNTARY ARRANGEMENT)**

**SUNDERLAND COUNTY COURT NO. 235 OF 2003**

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**J F WILSON SHOPFITTERS LIMITED  
(COMPANY VOLUNTARY ARRANGEMENT)**

**SUNDERLAND COUNTY COURT NO. 235 OF 2003**

**A. INTRODUCTION**

I was appointed Supervisor of the Company Voluntary Arrangement at a meeting of creditors convened pursuant to Section 3 of the Insolvency Act 1986 on 24 October 2003.

**B. VOLUNTARY CONTRIBUTIONS AND DEBTORS**

The Company has to date contributed £11,685.00 in relation to voluntary contributions as detailed at Appendix 1, being the summary of Receipts and Payments, which are in line with the amended proposals.

You will recall from my letter of 1 September 2004 that the original proposals envisaged that the Company would contribute a combined monthly sum of £1,140.00 into the arrangement. These payments were based upon the Company's expectations of obtaining contracts from their main customer. Unfortunately due to a re-assessment and redesign by the customer of its shop fitting policy a number of large contracts which had been due to commence during the first six months of 2004 were postponed. As such management accounts produced by the Company have indicated that a trading loss had been incurred. I have discussed these losses with the director who has informed me that the Company have now been awarded two large contracts, which will reverse these losses and that further tenders with its main customer are now being received.

The Company had maintained its payments into the arrangement, which was only possible by the Director selling a property and the Company Secretary re-mortgaging a property. The funds generated were used to partially repay the director's overdrawn loan account and as such maintain cashflow. The Company's proposals stated that a freehold property would be sold or redeveloped in the third year should sufficient contributions not be received to pay creditors in full. The freehold property is situated in a newly designated "development zone" which has resulted in a number of applications for the conversion of commercial properties to residential use. The director felt that in order to ensure that creditors were repaid in full the freehold property should now be redeveloped. A number of discussions were held with property developers to provide finance for the project, which will allow part of the freehold property to be converted into residential properties. The director estimated that sufficient funds would be generated to enable creditors to be repaid in full.

Due to the reassessment and redesign by the major customer of its shop fitting policy which led to cashflow issues and the proposed redevelopment of the freehold property the director approached me with a request for either a deferment of contributions for a period of six months or a reduction in the monthly contributions to £570.00 per month while the freehold property is redeveloped. I attach at schedule III a schedule of responses received from creditors concerning the change to the arrangement. I can confirm that the creditors voted to

allow the Company to reduce its monthly contributions to £570.00 per month while the freehold property is redeveloped.

The Company has also contributed £795.24 in respect of book debts as detailed at Appendix 1.

#### **C. UNSECURED CREDITORS**

The claims of the unsecured creditors are continuing to be pursued I can confirm that to date claims totalling £10,438.30 have been received from 12 unsecured creditors. There remain outstanding claims due from 6 creditors with an anticipated value of £39,090.34, which have still not been received despite requests for claims to be submitted.

The director's original proposals did not anticipate that creditors would not submit claims. As such I would be grateful to receive the creditors approval to amend the proposals, to exclude these creditors by 31 December 2004 and to incorporate into the arrangement the Rules in respect to the agreement of proofs of debt as defined in Rules 4.73 – 4.94 of the Insolvency Rules 1986. Accordingly I would be grateful if you could complete the attached slip and return it to me within the next 21 days.

#### **D. SUPERVISOR'S OBSERVATIONS**

The outcome of the Company Voluntary Arrangement is broadly in line with those set out in the amended proposals and dividend prospects are still in line with projections.

#### **E. OFFICE HOLDER'S REMUNERATION**

The proposal's provided that my remuneration would be limited to £6,000.00 for the duration of the arrangement. To date, I have drawn £1,230.60 in relation to my remuneration. In accordance with the current Statement of Insolvency Practise 9, I enclose, at appendix II a schedule of the time incurred and the average cost.

If you require any further information or would like to discuss any aspect of this report please do not hesitate to contact me.

Yours faithfully  
For and on behalf of  
J F Wilson Shopfitters Limited  
(Company Voluntary Arrangement)



W Paxton  
Supervisor

**J F Wilson Shopfitters Limited  
(Company Voluntary Arrangement)  
Sunderland County Court No. 235 of 2003**

**Appendix I**

**Receipts & Payments Account**

<b>Receipts</b>	<b>£</b>	<b>£</b>
Voluntary Contributions		11,685.00
Debtors		795.24
Interest		40.78
		<u>12,521.02</u>
<b>Payments</b>		
Insolvency Bond	(120.00)	
Bank Charges	(51.45)	
Supervisors Remuneration	(1,230.60)	
Supervisors Disbursements	(9.80)	
Nominess Fees	(1,500.00)	
VAT	(479.58)	
	<u>          </u>	<u>(3,391.43)</u>
		9,129.59
Supervisors Balance at Bank		<u><u>9,129.59</u></u>

## Supervisors time and charge out summary

Robson Laidler LLP						
Classification of Work function	Partner	Manager	Admini- strator	Support Staf f	Total Hours	Time Cost £
Administration, Planning, Statutory and Cashiering (inc Tax & VAT work)		5.3		2.6	7.9	923.75
						116.93
					0.0	
					0.0	
Investigations & Reporting						
Realisation of Assets						
Creditors		2.0			2.0	306.85
Total Hours	0.0	7.3	0.0	2.6	9.9	
Total time charged		1,120.00		110.60		1,230.60
Time Written off						124.30
Work in Progress carried forward						
Total fees claimed	0.00	1,120.00	0.00	110.60		1,230.60



## Schedule of responses to change the arrangement

Number	Creditor Wilson	For		Against		Total
		Deferment of Contributions £	For £	Reduced Contributions £	Against £	
1	Design & Display Ltd		350.00			350.00
2	Microlights Ltd		791.97			791.97
3	Inland Revenue		9,389.00			9,389.00
4	HM Customs		28,860.00			28,860.00
5						0.00
6						0.00
7						0.00
8						0.00
9						0.00
10						0.00
11						0.00
11						0.00
12						0.00
13						0.00
14						0.00
15						0.00
16						0.00
17						0.00
			<u>39,390.97</u>	<u>0.00</u>	<u>39,390.97</u>	
						39,390.97

## COMPANY VOLUNTARY ARRANGEMENT - A GUIDE TO INSOLVENCY PRACTITIONERS' FEES

### 1 Introduction

In a voluntary arrangement, as in other types of insolvency, the amount of money available for creditors is likely to be affected by the level of costs, including the remuneration of the insolvency practitioners appointed to implement the arrangement. This guide explains how fees are fixed in the voluntary arrangement, how the creditors can affect the level of fees, and the information which should be made available to them regarding fees.

### 2 The Voluntary Arrangement Procedure

2.1 Voluntary arrangements are available to companies and individual debtors. Company voluntary arrangements are often referred to as CVA's and individual voluntary arrangements as IVA's.

2.2 The procedure is similar for both CVA's and IVA's and enables the company or individual to put a proposal to their creditor for a composition in satisfaction of their debts or a scheme of arrangement of their affairs. A composition is an arrangement under which creditors agree to accept a certain sum of money in settlement of the debts due to them. A CVA may be used as a standalone procedure or as an exit route from an administration. It may also be used when a company is in liquidation, but this is extremely rare. The directors, the administrator or the supervisor, depending on the circumstances, will make the proposals. A proposal for an IVA may be made by a debtor whether or not he is already subject to bankruptcy proceedings. The proposals will be considered by creditors at a meeting convened to that purpose. The procedure is extremely flexible and the form, which the voluntary arrangement takes, will depend on the terms of the proposal agreed by the creditors. In both CVA's and IVA's the proposal must provide for an insolvency practitioner to supervise the implementation of the arrangement. Until the proposal is approved by the creditors, the practitioner is known as the nominee. If the proposal is approved, the nominee (or if the creditors choose to replace him, his replacement) becomes the supervisor.

### 3 Fees, Costs and Charges - Statutory Provisions

3.1 The fees, costs, charges and expenses which may be incurred for the purposes of a voluntary arrangement are set out in the Insolvency Rules 1986 (Rule 1.28 for CVA's and Rule 5.28 for IVA's). They are:

- for his service agreed between himself and the company (or the administrator or the supervisor, as the case may be) or the debtor (or the official receiver or trustee, where the debtor is subject to bankruptcy proceedings);
- any fees, costs, charges or expenses which:
  - are sanctioned by the terms of the arrangement (see below), or
  - would be payable, or correspond to those which would be payable, in an administration, winding up or bankruptcy (as the case may be).

3.2 The rules also require matters to be stated or otherwise dealt with in the proposal (Rule 1.3 for CVA's and Rule 5.3 for IVA's):

- The amount proposed to be paid to the nominee by way of remuneration and expenses, and
- The manner in which it is proposed that the supervisor of the arrangement should be remunerated and his expenses defrayed.

### 4 The Role of the Creditors

4.1 It is for the creditors meeting to decide whether to agree the terms relating to remuneration along with the other provisions of the proposal. The creditors meeting has the power to modify any of the terms of the proposal with the consent of the company in the case of an CVA including those relating to the fixing of remuneration. The nominee should be prepared to disclose remuneration in voluntary arrangements; the terms of the proposal may provide for the establishment of a committee of creditors and may include among its function the fixing of the supervisor's remuneration.

### 5 What information should the creditors receive?

5.1 Where the supervisors fees are to be agreed by a committee of creditors, the supervisor should provide sufficient supporting information to enable the committee to form judgements to whether the proposed fee is reasonable having regard to all the circumstances of the case, and should always make available an up to date receipts and payments account. Where the fee is to be charges in a time basis the supervisor 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 be required having regard to the size and complexity of the case.

5.2 Where the supervisor 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 when seeking approval of his fees, together with an explanation of how the charges are made up and the basis on which they arrived at.

5.3 Where the basis of the remuneration of the supervisor as set out in the proposal does not require any further approvals by the creditors or any committee of creditors, the supervisor should specify the amount of remuneration he has drawn in accordance with the provisions of the proposal in his subsequent reports to creditors on the progress of the arrangement.

5.4 Where the proposed fee is based on time costs the supervisor should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the supervisor has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the supervisor must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time spent and the rates at spent on the case. To enable this assessment to be carried out it may be necessary for the supervisor to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance, which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

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

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

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

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

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

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

## 5.5 After fee approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the supervisor should notify the creditors of the details of the resolution in his next report or circular to them. When subsequently reporting to creditors on the progress of the arrangement, or submitting his final report, he should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5.4.

5.6 Details of the charge out rates of staff employed by Robson Laidler LLP are as follows:

STAFF GRADE	CHARGE OUT RATE £ PER HOUR
Partner	200.00
Senior Manager	160.00
Manager	130.00
Case Administrator, Cashiering and Clerical	100.00

**5.7 Expenses and disbursements**

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