



**CORPORATE
RESTRUCTURING**

Our ref: PJC/MTB/PXH/LXN/EZW/SYA/CHO013/1032286/03

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TO ALL KNOWN CREDITORS

15 November 2010

Dear Sirs

**Crown Holdings (London) Limited and Crown Currency Exchange Limited
(Both in Administration) ("the Companies")**

I refer to the appointment of Paul Clark and Matt Bond of MCR and Harold Sorsky and Stella Davis of SPW (UK) LLP as Joint Administrator of the Companies, on 4 October 2010.

Please find attached the Joint Administrators' Proposals and Report to Creditors.

In accordance with Paragraph 51 of Schedule B1 of the Insolvency Act 1986, a creditors' meeting has been convened for 2.00pm on 30 November 2010 at Hilton Metropole Hotel, National Exhibition Centre, Birmingham, B40 1PP.

The purpose of this meeting is to consider the Joint Administrators' Proposals and, if thought appropriate, to establish a Creditors Committee.

Please complete the proxy form attached at Appendix 6 of the report and return it to crownproxies@mcr.uk.com or by post to our office to confirm your attendance at the meeting or to appoint a proxy holder to vote on your behalf.

In the interim, should you have any queries please email crowncurrencyexchange@mcr.uk.com or telephone 0844 826 8659.

Yours faithfully
For and on behalf of
The Companies



Paul Clark, Matt Bond, Harold Sorsky and Stella Davis
The Joint Administrators

Enc.

The affairs, business and property of the Companies are being managed by the Joint Administrators, Paul Clark and Matt Bond of MCR, and Harold Sorsky and Stella Davis of SPW (UK) LLP, who act as agents for the Companies and without personal liability. Paul Clark and Matt Bond are licensed by the Insolvency Practitioners Association, Harold Sorsky and Stella Davis are both licensed by the ACCA.

The Insolvency Act 1986

Statement of administrator's proposals**2.17B**

Name of Company Crown Currency Exchange Limited	Company number 05167427
In the High Court of Justice Chancery Division Companies Court London (full name of court)	Court case number 8008 of 2010

(a) Insert full name(s) and
address(es) of administrators

We (a) Paul John Clark and Matthew Peter Bond of MCR, 43-45 Portman Square, London, W1H 6LY and Harold Sorsky and Stella Davis of SPW (UK) LLP, Gable House, 239 Regents Park Road, London, N3 3LF

attach a copy of ~~*my~~our proposals in respect of the administration of the above company.

Pursuant to an Order of the High Court dated 11 October 2010, a copy of these proposals was made available to creditors on the Joint Administrators' websites on

* Delete as appropriate

(b) Insert date

(b) 15 November 2010

Signed

Joint Administrator

Dated

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 searches of the public record

MCR
43-45 Portman Square
London
W1H 6LY

Tel: 020 7487 7240

The Insolvency Act 1986

Statement of administrator's proposals

2.17B

Name of Company Crown Holdings (London) Limited	Company number 05204837
In the High Court of Justice Chancery Division Companies Court London (full name of court)	Court case number 8006 of 2010

(a) Insert full name(s) and
address(es) of administrators

We (a) Paul John Clark and Matthew Peter Bond of MCR, 43-45 Portman Square, London, W1H 6LY
and Harold Sorsky and Stella Davis of SPW (UK) LLP, Gable House, 239 Regents Park Road,
London, N3 3LF

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made available to creditors on the Joint Administrators' websites on

* Delete as appropriate

(b) Insert date

(b) 15 November 2010

Signed

Joint Administrator

Dated

15-11-10

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 searches of the
public record

MCR
43-45 Portman Square
London
W1H 6LY

Tel: 020 7487 7240

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**Crown Holdings (London) Limited & Crown Currency Exchange Limited
(Both in Administration)**

**Joint Administrators' Report and Statements of Proposals to Creditors
For the period from 4 October 2010 to 15 November 2010
Pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986**

15 November 2010

Names of Joint Administrators:

Paul Clark & Matthew Bond of MCR
Harold Sorsky & Stella Davis of SPW (UK) LLP

Date of Appointments:

4 October 2010

Date of Report:

15 November 2010

Appointed By:

The Director of the Companies

Court References:

High Court of Justice
Chancery Division
Companies Court
London

Crown Holdings (London) Limited - Court No: 8006 of 2010
Crown Currency Exchange Limited - Court No: 8008 of 2010

MCR
43-45 Portman Square
London
W1H 6LY

SPW
Gable House
239 Regents Park Road
London
N3 3LF



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DEFINITIONS

4 October 2010, being the date of appointment of the Joint Administrators;	the Appointment Date
Matthew Bond and Paul Clark of MCR and Harold Sorsky and Stella Davis of SPW (UK) LLP;	the Joint Administrators
SPW (UK) LLP;	SPW
Crown Holdings (London) Limited (In Administration) (Company Number: 05204837) and	CHL
Crown Currency Exchange Limited (In Administration) (Company Number: 05167427);	CCE or together the Companies
Peter Benstead;	the Director
Barclays Bank plc (with whom the Companies banked);	Barclays
The Financial Services Authority;	FSA
John Harvey House, Foundry Square, Hayle, Cornwall, TR27 4HH;	the Premises
Edward Symmons LLP, Independent agents and valuers:	the Agents
HM Revenue & Customs;	HMRC
International Currency Exchange plc;	ICE
Statement of Affairs, documentation supplied by the Directors outlining the Company's financial position as at the Appointment Date;	SOA
The Redundancy Payments Office;	RPO
EC Regulation on Insolvency Proceedings 2000;	EC Regulation
The Joint Administrators' firm's internal costs and expenses in dealing with the Administration;	Category 2 Disbursements
The Insolvency Act 1986;	the Act
The Insolvency Rules 1986; and	the Rules
Creditors' Voluntary Liquidation	CVL

1. INTRODUCTION

- 1.1 Paul Clark and Matthew Bond of MCR, together with Harold Sorsky and Stella Davis of SPW were appointed as Joint Administrators of the Companies on 4 October 2010 by the Director pursuant to Paragraph 22 of Schedule B1 to the Act.
- 1.2 In accordance with Paragraph 100(2) of Schedule B1 to the Act the functions of the Joint Administrators are being exercised jointly and severally.
- 1.3 This report sets out the circumstances leading up to the appointment of the Joint Administrators and the steps taken by them to date. The report also provides formal notice of the meetings of creditors of the Companies, details of which are provided at section 11 of this report.

Proxies and Attendance at the Creditors' Meeting

- 1.4 As an individual customer you are not legally obliged to submit a proxy form in advance of the creditors' meeting. However, it would greatly assist the Joint Administrators when coordinating and facilitating the smooth running of the process that you provide details in advance of the meeting by completion of a proxy form. Please note that if you are a corporate trade creditor you are legally obliged to complete the proxy form in order to participate in voting at the meeting.
- 1.5 The proxy form is attached at Appendix 6, which should be completed and returned to the Joint Administrators by post to the MCR office or by email to crownproxies@mcr.uk.com. This document will enable customers to register their attendance and participate at the creditors' meeting. A quick guide to completing a proxy form is attached at Appendix 6. Please note that in order to simplify the process of administering customer claims, we are proposing that all claims be submitted in the estate of CHL (as previously communicated via the MCR and SPW websites).

Proofs of Debt

- 1.6 **Please note that if you have already submitted your proof of debt, you do not need to resubmit that document for the purposes of this meeting.**
- 1.7 If you have **not** already submitted a proof of debt form, please log on to our website, www.mcr.uk.com to download a form which should be completed and emailed to crowncurrencyexchange@mcr.uk.com.

Court Order dated 11 October 2010

- 1.8 In accordance with an order by the High Court dated 11 October 2010, the Joint Administrators have been granted relief not to send, by post, the notices of the appointment of Joint Administrators and also not to send by post; their Reports to Creditors (including Progress Reports), their Statements of Proposals (including any amended proposals), notices to creditors of the result of creditors' meetings convened to consider the Statements of Proposals and minutes of any meetings of creditors held throughout the duration of the Administration to all known creditors. However, a copy of each of these documents will be available for viewing and downloading at the appropriate times on www.mcr.uk.com and www.spwca.co.uk.

2. BACKGROUND

- 2.1 Statutory information on the Companies and a summary of their respective financial positions is included at Appendix 1.
- 2.2 CCE was incorporated on 30 June 2004 and CHL was incorporated on 12 August 2004.
- 2.3 The Companies traded from leasehold premises situated at John Harvey House, Foundry Square, Hayle, Cornwall, TR27 4HH.
- 2.4 The Companies' principal activity was as a bureau de change, which operated by purchasing foreign currency in order to satisfy customer orders placed by post, telephone and email. Customers would make payment to the Companies by direct bank transfer or by sending a cheque in the post. Customers were then delivered currency, principally cash and travellers cheques by registered post, and in some instances currency was electronically transferred to the customer's bank account.
- 2.5 The Companies operated under a number of trading styles including "Crown Currency Exchange", "Travel Money Services" and latterly "Crown Holdings (London) Limited".
- 2.6 It is understood that the majority of the Companies' customers were acquiring foreign currency for use on holiday and to a lesser extent more substantial amounts were acquired for property transactions abroad. The value of transactions typically ranged from £100 to around £20,000 however there are several transactions between £100,000 and £400,000.
- 2.7 The Companies offered to "forward sell" foreign currency to customers, fixing a pre-determined rate upon the commencement of the transaction. Payment was made by customers in advance, with delivery of the currency at a set future date. The majority of transactions were completed by sending cash through registered post, with a lesser amount by electronic funds transfer directly to customer bank accounts. The Companies had historically offered extremely competitive rates in comparison to competitors and had been recommended by a number of consumer websites.
- 2.8 The business of CCE was effectively absorbed into that of CHL during November 2009 following CHL's registration with the FSA as a Small Payments Institution under the Payment Services Regulations 2009. CCE had previously operated on an identical business model to that of CHL and from an operational perspective the two businesses appear to have traded as a single entity.
- 2.9 The Companies were controlled by Peter Benstead, who was initially appointed as a director in March 2005. There have been periods during which Peter Benstead had formally resigned from office, however, he was formally reappointed as a director of CHL during August 2008 and as a director of CCE during October 2008. Consequently, it would appear that from at least August 2008 onward he was the principal behind the operations of the Companies, despite not being a signatory on the Companies' bank mandates.
- 2.10 Edward James has been a director of the Companies since their inception and appears to have had signing authority on all of the Companies' bank accounts. It would appear that Mr James resigned as a director of the Companies on 17 December 2009 although the resignation was not filed at Companies House until 27 September 2010. The latest set of filed accounts were submitted to the Registrar of Companies bearing the name of Edward James, after his resignation. It should be noted that these accounts were not signed by Mr James.

- 2.11 Mr James appears to have maintained some form of management responsibility throughout the period immediately preceding the Appointment Date including attendance at meetings with the Companies' bankers (please see section 3 for further details).

3. EVENTS LEADING UP TO THE ADMINISTRATIONS

- 3.1 The events which took place in the week preceding the Appointment Date are as follows:
- 3.2 The Director, together with his legal representation, met with Harold Sorsky and Stella Davis of SPW on 27 September 2010 to discuss the financial position of the Companies and to seek their professional advice on the matter. The Director believed that the businesses were heavily insolvent and had been for some time. The Director also advised that a meeting had been called by the Companies' bankers, Barclays, to consider the operations and procedures of the Companies. The meeting was due to take place on 29 September 2010. At the request of the Director, both Harold Sorsky and Stella Davis agreed to attend the meeting for the purpose of providing any necessary insolvency advice.
- 3.3 It should be noted that since May 2010 Barclays had sought clarity on the Companies' operational and currency rate setting procedures and a previous meeting was held between Mr James and representatives of Barclays on 21 July 2010. Peter Benstead was not present at this meeting.
- 3.4 The meeting with Barclays' representatives took place in Bristol on Wednesday 29 September 2010, at 11am. At this meeting the Director informed Barclays that in his opinion the Companies were heavily insolvent and may have been so for a number of months. The Director suggested to Barclays that the shortfall to creditors could be in the order of £18 - £20m. Barclays advised that the Director needed to consider the position of the Companies and in light of the outcome of this meeting Harold Sorsky and Stella Davis advised the Director to cease trading with immediate effect.
- 3.5 A decision was made by Barclays to suspend the Companies' banking facilities during the afternoon of Wednesday 29 September 2010 which included the disconnection of the Companies' online banking access. The decision was made by Barclays to prevent the Companies from making any unauthorised payments and to protect creditors whilst the situation was being monitored by Barclays. It is understood that Barclays terminated the operation of the Companies' bank accounts in respect of all transactions at approximately midday on 1 October 2010.
- 3.6 At this point, we understand that the Director was strongly advised by his solicitor to cease trading and it is understood that customer calls were not answered by the Companies' staff from 1pm on 1 October 2010.
- 3.7 A meeting was held between the Director and representatives of MCR and SPW on 1 October 2010 at the Companies' premises. At this meeting, the Director concluded that the Companies should be placed into Administration.
- 3.8 Each of the Joint Administrators considered the position prior to accepting the appointment and, having regard to the Insolvency Practitioners Association's and the Association of Chartered Certified Accountants' ethical guidelines, considered that there were no circumstances preventing them from accepting the appointment.

Pre-planning Work

- 3.9 Staff from MCR and SPW remained at the Premises throughout the weekend of 2 and 3 October 2010 in order to collate relevant information and prepare for the appointment of the Joint Administrators.

3.10 This process included:

- 3.10.1 the preparation of briefing notes for MCR, SPW and Companies' staff;
- 3.10.2 the preparation of guidance documentation for customers;
- 3.10.3 the preparation of initial Frequently Asked Questions;
- 3.10.4 the preparation of press releases and the monitoring media and forum activity;
- 3.10.5 preliminary discussions with FSA;
- 3.10.6 devising a strategy for the post appointment period;
- 3.10.7 the preparation of the email facility crowncurrencyexchange@mcr.uk.com;
- 3.10.8 arrangements for the provision of security to safeguard the assets/computer equipment/documents on site, including c£600k of cash and to preserve the integrity of the financial and operational records of the Companies;
- 3.10.9 liaising with computer forensic experts; and
- 3.10.10 the preparation of appointment documents.

3.11 The Joint Administrators were formally appointed at 11.30am on 4 October 2010.

4. PURPOSE OF THE ADMINISTRATIONS

4.1 The purpose of the Administrations is to achieve one of the following hierarchical objectives for each of the Companies:

- Rescuing the Companies as a going concern, or
- Achieving a better result for the Companies' creditors as a whole than would be likely if the Companies 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.

4.2 The first objective will not be achieved as the Companies could not be rescued as going concerns, given the extent of the liabilities and the lack of funds to meet outstanding customer obligations to enable trading to continue.

4.3 The Joint Administrators are conducting their administration of the Companies' affairs with a view that the second objective will be achieved. The Joint Administrators anticipate that there will be sufficient asset realisations to enable a distribution to non-preferential unsecured creditors, which may be greater than that achieved if the Companies were wound up without first being in Administration. This will be achieved due to the expediency of an appointment of Administrators which has enabled the assets of the Companies to be immediately secured and subsequently realised for the benefit of creditors.

5. PROGRESS OF THE ADMINISTRATIONS TO DATE

5.1 The manner in which the affairs and business of the Companies have been managed since the Appointment Date and will continue to be managed and financed is set out below.

Immediate Steps Upon Appointment

- 5.2 Upon their appointment, the Joint Administrators attended the Companies' premises in Hayle, Cornwall and immediately secured all of the assets on site and took control of the day to day operations. All trading was immediately suspended and no further orders were either taken or dispatched.
- 5.3 In conjunction with the Companies' external security provider the Joint Administrators ensured that the Companies' premises was secured and key holders were restricted to the Joint Administrators' staff.
- 5.4 Due to the high media interest during the preceding few days the Joint Administrators instructed independent PR agents to immediately issue an initial Press Release to assist in dealing with media enquiries.
- 5.5 The dedicated email address and web pages went live to assist enquiries and to facilitate speedy response to all concerned customers. The website incorporated basic information such as how to make a claim in the Administrations and answers to a number of frequently asked questions. The website has been updated on a regular basis. Over 3,700 emails were received in the first two days of the Administrations, together with over 1,000 telephone calls.
- 5.6 The Joint Administrators instructed forensic IT experts to attend the Companies' premises and complete forensic imaging of all computer hardware and IT systems.
- 5.7 As discussed at paragraph 1.8 the Joint Administrators obtained a Court Order to the effect that all Notices and Reports required to be circulated to creditors of the Companies under the Act, were to be made available on the Joint Administrators' websites for download rather than be sent by post. This Court Order was obtained to reduce the printing and postage costs which would be incurred, as well as eliminating potential return to sender post, missing customers due to incomplete address records held by the Companies and to be environmentally friendly by not sending 13,000 copies of this Report.
- 5.8 The Companies' employees had been advanced 3 months salary (in the form of a loan) on 28 September 2010. All staff were retained for a period by the Joint Administrators, principally to assist them in gathering information and concluding an orderly wind down of the Companies' operations. It is likely that employees will be able to offset any surplus funds received in this manner against their entitlements to redundancy, pay in lieu of notice and any other claims they may have as a result of the termination of their employment.
- 5.9 All remaining staff were subsequently made redundant on 20 October 2010.

Contact with Customers and Creditors

- 5.10 Upon their appointment, the Joint Administrators immediately made instructions available to customers on how to make claims in the Administrations and provided basic information on the Administration process via the MCR, SPW and CHL websites. The Joint Administrators also issued a press release advising of their appointment and the necessary steps customers should take to register their claims.
- 5.11 The Joint Administrators have personally contacted numerous customers, often those with significant claims in the insolvent estate. Following such telephone conversations, various customers have provided additional information to assist the Joint Administrators with their investigations into the demise of the Companies.

Crown Currency Exchange Inbox

- 5.12 The Joint Administrators dedicated email inbox has received in excess of 9,500 emails, in addition to correspondence by post. In excess of 11,000 emails have been sent in response to emails or letters received.

Dedicated Call Centre

- 5.13 The Joint Administrators established a dedicated call centre, which has handled in excess of 3,000 customer queries to date and is likely to remain in operation until after the meeting of creditors.

MCR and SPW Websites

- 5.14 The Joint Administrators have provided creditors with regular updates, FAQs and statutory documentation via the respective websites of their firms in accordance with an Order obtained from the High Court dated 11 October 2010.

Facebook, Crown Action Group & Online Forums

- 5.15 A Facebook group, a customer action group website and a number of online forums have been set up by former customers of the Companies.
- 5.16 The Joint Administrators have been in regular contact with one of the founders of these groups, and on 20 October 2010 attended a meeting with around 30 members of the action group to discuss the progress of the Administrations. The Joint Administrators understand that the action group has appointed independent solicitors, Edwin Coe LLP, to represent them. A further meeting was held between the Joint Administrators and members of the action group on 11 November 2010.
- 5.17 In addition to the regular updates on the MCR and SPW websites, the Joint Administrators have been providing the action group, on behalf of all creditors, with information on the progress of the Administrations and will continue to do so going forward. Customers may wish to visit the action group's website, www.crowncurrencyactiongroup.org, to keep updated on the future progress of the Administrations.
- 5.18 The Joint Administrators have also met with the editor of moneysavingexpert.com to discuss the progress of the Administrations. Moneysavingexpert.com instructed an independent Insolvency Practitioner to provide a report on the Companies and the events resulting in their Administrations. The Joint Administrators have had discussions with the independent Insolvency Practitioner to assist him in preparing this report.

Realisation of Assets

- 5.19 Given that the Companies had ceased to trade prior to the Appointment Date it has not been possible to sell the business and assets of the Companies as a going concern. The Joint Administrators have received some interest in the possible sale of the database and web domains. At this stage there has been no decision as to whether any of these asset sales can or will proceed.

Cash at Bank - Barclays

- 5.20 Since October 2006, Barclays have provided the Companies with banking facilities on a credit only basis, which included clearing bank accounts for Sterling transactions together with a number of foreign currency accounts, including Euro, US Dollar, Australian Dollar, Canadian Dollar and New Zealand Dollar.

- 5.21 Barclays did not at any stage provide the Companies with loan or overdraft facilities.
- 5.22 As discussed at Paragraph 3.5, following the initial meeting with the Director on 29 September 2010 and after carrying out their own investigations, Barclays placed a freeze on all of the Companies' bank accounts just prior to the Appointment Date.
- 5.23 The table below shows the balances held by Barclays at the appointment date, which have been converted into Sterling at the Mid Market rate at the Appointment Date, for illustrative purposes:

Account No.	Currency Denomination	Amount	Mid Market/Sterling as at 04/10/10	Sterling Equivalent (£)
23430502	Sterling	2,697,720	1.000000	2,697,720
57049166	Euro	52,876	0.863587	45,663
88503655	Australian Dollar	10,528	0.610246	6,425
69558266	US Dollar	26,939	0.630837	16,994
69958222	Canadian Dollar	1,536	0.616476	947
75594611	NZD Dollar	120	0.467849	56
33617254	Sterling	66,671	1.000000	66,671
79235622	Euro	32	0.863587	27
62690188	Australian Dollar	857	0.610246	523
88508344	US Dollar	28	0.630837	18
69962900	Canadian Dollar	892	0.616476	550
84871988	NZD Dollar	251	0.467849	117
				2,835,711

- 5.24 Barclays have transferred these balances to "mirror accounts" and the Joint Administrators have requested these monies to be transferred to the insolvent estate bank accounts which are under the control of the Joint Administrators. At the time of writing this report, the monies have not been transferred and the Joint Administrators are in discussions with Barclays. It may be necessary to obtain a court order, to determine the legal status of the funds (see paragraph 5.73), to enable them to be transferred to the insolvent estate accounts controlled by the Joint Administrators.
- 5.25 The Joint Administrators are currently reviewing the position in relation to all customer transactions that were effected or in progress between Wednesday 29 September 2010 and Monday 4 October 2010, being the time between Barclays placing a freeze on the Companies' bank accounts for outgoing payments and the Appointment Date.
- 5.26 The Joint Administrators believe that a total of c£1.1m of customer payments were received during the period outlined above. The Joint Administrators are reviewing the legal status of such transactions and if appropriate, may obtain a determination of the Court in respect of these funds. The Joint Administrators will also be reviewing a number of "buy-back" transactions which occurred during the same period. Those customers affected will be contacted by the Joint Administrators directly so you do not need to contact the offices of MCR or SPW.
- 5.27 Given the complexity of the situation, it is likely that any resolution of these matters will take a number of months. Please refer to paragraphs 5.73 to 5.76 for more information on this matter.

Cash in Hand

- 5.28 As at the Appointment Date the Companies held cash at the Premises totalling approximately £695,000. This balance comprised mostly Euro, US Dollar and other foreign currency denominations. A number of American Express Travellers cheques were also held by the Companies.
- 5.29 This cash and the travellers cheques have been collected from the Premises and banked/lodged into the Administration estate bank account.
- 5.30 To date the sum of £527,411 has been cleared into the CHL Administration estate bank account. The Joint Administrators bankers are continuing to process the remaining foreign currency and travellers cheques and it is expected that this process will be concluded within the next few weeks.
- 5.31 In addition to the cash held on site, the Director made two electronic funds transfers to the Companies' former solicitors, Saunders Law Partnership LLP ("Saunders"), totalling £41,125 and £100,000 respectively. These funds were transferred out of the Companies' bank account on 27 and 29 September 2010.
- 5.32 Out of the total funds of £141,125 held by Saunders, the sum of £61,750 was transferred to the client account of SPW on 1 October 2010. The Joint Administrators understand that the residual balance of £79,375 is currently being retained by Saunders and may be subject to the deduction of certain pre-appointment costs. The Joint Administrators are in direct communication with Saunders and are seeking to recover the amounts held for the benefit of the estate.

ICE

- 5.33 The Companies used ICE as a third party distributor of foreign currency cash in situations where the Companies had insufficient capacity to process customer orders due to insurance restrictions.
- 5.34 As at the Appointment Date, ICE held funds due to the Companies totalling £80,031. These funds have been transferred into the CHL Administration estate bank account.

Computer and Office Equipment

- 5.35 Shortly following the Appointment Date, the Joint Administrators, instructed the Agents to carry out a valuation of the Companies' office furniture and equipment and motor vehicles.
- 5.36 The Joint Administrators and the Agents are continuing to liaise with potential interested parties in respect of the sale of these assets.

Receipts and Payments

- 5.37 Abstract receipts and payments accounts for the period of the report are shown at Appendix 2.

Investigations

- 5.38 The Joint Administrators are carrying out extensive investigations into the Companies' affairs and the events that led up to the Companies being placed into Administration.
- 5.39 The Joint Administrators have a statutory obligation to file a report with the Insolvency Service regarding the conduct of the directors that held office in the three years prior to the

Administration. This report must be filed within six months from the Appointment Date and the content of this report is confidential.

- 5.40 The Joint Administrators also have a duty to investigate antecedent transactions which include:
- Transactions at an undervalue, Section 238 of the Act;
 - Preferences, Section 239 of the Act; and
 - Transactions to defraud creditors, Section 423 of the Act.
- 5.41 Certain types of antecedent transactions such as Misfeasance, Fraudulent Trading and Wrongful Trading (pursuant to ss212 / 213 / 214 of the Act) can only be pursued by any subsequently appointed liquidator. It is likely that the Companies will be placed into liquidation once all outstanding matters relating to the Administration process have been concluded.
- 5.42 It should be noted that the Joint Administrators will conduct the initial investigatory work in respect of the above and will consider the cost benefit of pursuing any further action against the potential level of recovery to the insolvent estate.
- 5.43 During the Joint Administrators' preliminary review of the Companies' affairs a significant number of transactions have been identified that require further investigation. We shall keep the creditors informed of any significant developments regarding our investigations, subject to any legal impediment for us to do so.
- 5.44 However, in order to protect the creditors' position we obtained from the High Court a Freezing Order over the personal assets of the Director on 26 October 2010. With the agreement of the Joint Administrators, the Freezing Order was discharged and varied by an undertaking by the Director not to deal with his assets, given to the Court on 5 November 2010.

Mayfair and Grant Limited ("M & G")

- 5.45 The Joint Administrators identified amounts totalling £493,132 due to the Companies in respect of a loan account provided to M & G. On 13 October 2010 the Joint Administrators issued demand for immediate repayment of the amounts due. This demand was not satisfied and accordingly the Joint Administrators' instructed their solicitors to issue a winding-up petition against M & G, this was served on 2 November 2010.
- 5.46 Following service of the winding-up petition, the Joint Administrators were advised that M & G was placed into Administration on 2 November 2010.
- 5.47 The Joint Administrators are continuing their investigations into this matter.

Regulatory Matters

- 5.48 The Joint Administrators have been in communication with the FSA in order to discuss the Administration of the Companies. The Joint Administrators are not aware of any compensation schemes or other protection being available to the customers of the Companies.
- 5.49 CHL was registered with the FSA as a Small Payments Institution ("SPI") in accordance with the Payment Services Regulations 2009 with effect from 1 November 2009. A business registered as an SPI must meet the following conditions:
- Average monthly electronic payment transactions (over the preceding 12 months) must not exceed €3million;
 - Its head office, Registered Office or place of business must be in the UK;

- Some payments institutions, such as money remitters are required to register with HMRC under the Money Laundering Regulations 2007;
- None of the individuals responsible for managing the business have been convicted of financial crimes

5.50 The FSA maintains a Register of all SPI businesses, which can be found at:

<http://www.fsa.gov.uk/register/home>

5.51 Consumers can also visit the website of the Consumer Financial Education Body (CFEB) where there are a number of guides including one on payment services:

http://www.moneymadeclear.org.uk/pdfs/sending_money_safely.pdf

5.52 Provided that the business continued to meet the conditions outlined above (in particular the electronic payment threshold), it would appear there would be no obligation on CHL's part to apply to be an Authorised Payments Institution.

5.53 Customers affected by the demise of CHL have no recourse to obtain compensation from the Financial Services Compensation Scheme.

5.54 It should be noted that the business of CCE was effectively absorbed into that of CHL, in November 2009 following CHL's registration with the FSA as an SPI, as detailed in paragraph 2.8. It is the Joint Administrators' understanding that CCE was never registered with the FSA.

5.55 The Joint Administrators are reviewing the records of CHL to check that it operated within the limit of the average monthly electronic payment transactions or whether it was in breach of any other conditions outlined above. This review may take some time and will include a review of the activities of all related entities, including CCE. Customers will be advised of the Joint Administrators' findings in due course.

5.56 The Joint Administrators are continuing to investigate the position, however due to the incomplete nature of the Companies' management information, the true financial position of the Companies remains uncertain. The Joint Administrators remain in regular dialogue with the FSA.

Barclays

5.57 The Companies opened accounts with Barclays in October 2006.

5.58 Barclays did not lend to the Companies and the extent of the facilities provided were limited. Barclays offered the Companies current accounts and since the latter part of 2006, a series of sub accounts in foreign currencies. The Companies accounts were at all times in credit.

5.59 Given the limited relationship between the Companies and Barclays, the bank had little access to financial or management information from the Companies. The Joint Administrators understand that this is normal where a company only holds "credit only" accounts with a bank.

5.60 Barclays did not conduct any foreign exchange transactions for the Companies, although the Companies did make electronic payments to customers (via internet banking facilities) in foreign currencies from the sub accounts it held with Barclays.

5.61 Due to the nature of the businesses, Barclays visited the Companies periodically as part of its own anti money laundering obligations, although the Companies were also subject to their own money laundering obligations and responsibilities. These visits were conducted to review the compliance

aspects of the businesses and for the Companies to demonstrate how they complied with the anti money laundering obligations imposed by HMRC.

- 5.62 The Joint Administrators have also been made aware of correspondence between Barclays and the Companies during the first half of 2010. It is clear that Barclays made enquiries into the Companies' rate setting policy, and were given a series of responses which were on the face of it satisfactory. These included confirmation that the Companies had hedged against exchange rate volatility. It appears from the Joint Administrators' investigations, that information provided by the Companies to satisfy Barclays' enquiries in relation to its hedging strategy was inaccurate.
- 5.63 Barclays sought to clarify the Companies' rate setting policy however, the directors appear to have declined to divulge details, on the basis that Barclays was a large competitor, (providing foreign exchange via its Branch network and generally as a financial institution). The directors stated that in providing the information sought by Barclays, they would be divulging sensitive and confidential data which would not be in the commercial interests of the Companies.
- 5.64 From around May 2010 Barclays sought to meet with the directors of the Companies and in particular with Mr Benstead. A meeting was held between Barclays and Edward James on 21 July 2010, however Mr Benstead was not present and was unable to attend a meeting with the Bank until 29 September 2010. Barclays have confirmed that they first became aware of the Companies' financial position at this meeting, when the Director advised them that the Companies were insolvent.
- 5.65 Later that day, in an attempt to preserve the balance of the funds in the Companies' bank accounts and to prevent any improper dissipation of the funds, Barclays withdrew the internet banking facility that enabled the Companies to make automated payments from its account, whilst it further considered the position. At this point the Companies did not owe Barclays any monies and Barclays has advised that it acted with the sole intention of protecting creditors of the Companies. Barclays then carried out further investigations and on the afternoon of 1 October 2010 stopped incoming payments into the Companies' bank accounts.
- 5.66 Barclays have advised that upon stopping the banking facilities they were threatened with legal action by the Director. The Companies did not have any lending with Barclays nor did Barclays have any security over its assets. As such it would not legally have been possible for the Bank to appoint receivers or administrators over the Companies or to place them into an insolvency process.
- 5.67 The total amount paid into the Companies' bank account between the block on outgoing payments on 29 September 2010 and closing the account for incoming payments on 1 October 2010 is discussed at paragraph 5.26.
- 5.68 It was not possible for Barclays to assess the extent of the Companies' liabilities based on the turnover of funds into the bank accounts. As far as the Joint Administrators are aware, Barclays had no knowledge of the specific rates offered to individuals on their transactions, nor the foreign currency rates that the Companies were achieving with its foreign exchange counterparties.

Cancelled Contracts

- 5.69 A number of customers have made enquiries with the Joint Administrators in respect of the "cancelled contracts" which led to enhanced rates being offered to them by the Companies.
- 5.70 Following our initial investigations it appears that such cancelled contacts did not exist and the Companies were simply offering above market rates to attract more custom.

- 5.71 It is the Joint Administrators' current understanding that the "cancelled contracts" had been offered by the Companies for at least 18 months prior to the Appointment Date, however the Joint Administrators are still investigating this matter.

Credit Card Payments

- 5.72 The Joint Administrators' initial investigations indicate that the Companies have never accepted payment from customers by means of Credit or Debit card. This will mean that customers are unlikely to have any recourse to compensation under the Consumer Credit Act 1974.

Ring-fenced Funds / Trust Issues

- 5.73 Upon review of the Companies' banking facilities the Joint Administrators confirm that no customer monies were held in separate client bank accounts, nor does it appear that this was a requirement for an SPI under the Payment Services Regulations 2009. It should also be noted the Companies did not package up monies in anticipation of deliveries so there were no specifically identifiable packages of monies or travellers cheques found upon appointment. It is understood that no currency was despatched to customers after 29 September 2010.
- 5.74 In addition, at this stage it is not clear whether a Trust, actual or implied, has been created over funds held by the Companies with respect to monies banked on and after 29 September 2010; however this issue forms part of the Joint Administrators' ongoing investigations.
- 5.75 The Joint Administrators have requested information from the Companies' bankers, Barclays, in relation to the events that occurred during the days prior to the Companies being placed into administration on 4 October 2010. A summary of the Joint Administrators' understanding of the position is outlined from paragraph 5.57 onwards.
- 5.76 The Joint Administrators are presently reviewing the position in relation to all customer transactions that were effected between 29 September 2010 and 4 October 2010. Contact will be made with individual customers in the event that further information is required so that a determination may be made as to whether any person or persons have any rights other than as an unsecured non-preferential creditor. You do not need to contact the Joint Administrators.

Payments to Customers in Cornwall

- 5.77 The Joint Administrators have identified that in the days preceding the freezing of the Companies' banking facilities the Director, Peter Benstead, appears to have provided specific instructions for the completion of all outstanding forward orders for customers located in Cornwall. Some of these customers were not due to receive their currency order until a point in time after the appointment of the Joint Administrators.
- 5.78 The Joint Administrators further understand that the Director considered completing all outstanding orders for customers located in Devon. The orders relating to this class of customer were never completed as the instructions to complete these transactions were never formally actioned.
- 5.79 These issues are subject to ongoing investigations by the Joint Administrators.

Joint Administrators' Agents and Solicitors

- 5.80 The Joint Administrators have engaged the following advisors to assist in the Administration process:

Company	Role	Remuneration
Edward Symmons LLP	Valuation of the Companies chattel assets	Time cost basis
Isadore Goldman	Solicitors (and any counsel instructed) – Assistance with placing the Companies into Administration and other general legal matters.	Time cost basis
Kennedys	Solicitors (and any counsel instructed) – Assistance with applications made to court in relation to creditor notices and other general legal matters	Time cost basis
Raposa Consulting	Computer forensic expert services	Time cost basis
Spreckley Partners	Media Relations and preparation of press releases	Fixed fee for initial work and time costs
Insolvency Risk Services	Insurance brokers	Cost plus premium

- 5.81 The Joint Administrators' choice of advisors was based on their perception of the experience and ability of the respective firms to perform their work, the complexity and nature of the assignment and the basis of the fee arrangement with those firms.

6. STATEMENTS OF AFFAIRS

- 6.1 In accordance with Paragraph 47 of Schedule B1 to the Act the Joint Administrators have requested that the Director provide them with SOAs for the Companies.
- 6.2 The Joint Administrators have received a SOA for CHL, but are not yet in receipt of a SOA for CCE.
- 6.3 The SOA for CHL was prepared by the Director which indicated that as at the Appointment Date, assets totalled approximately £4.4m. The SOA provides no detail in respect of the amounts due to individual creditors.
- 6.4 Pursuant to Rule 2.33 (2) (h) of the Rules, the Joint Administrators are required to include in their Proposals; the names, addresses and debts of the creditors of the Companies including details of any security held. However, following an application made by the Joint Administrators on 10 November 2010, the Court granted an order on 12 November 2010 for limited disclosure of the Joint Administrators' Proposals to the extent that; the names, addresses and debts of the creditors of the Companies including details of any security held, need not be disclosed in the Proposals.

- 6.5 The Joint Administrators have conducted an initial review of the Companies' internal accounting records, policies and management information. The information available indicates that the Companies accounted for all transactions on a cash basis, without any provision for accrued liabilities in respect of either customer contracts or trade and expense creditors.
- 6.6 It also appears that no management accounts were ever produced and there is little correlation between the statutory accounts filed at the Registrar of Companies and the internal Sage accounting system. Aside from the limited information provided on the SOA of CHL, the true financial position of the Companies remains uncertain and the Joint Administrators are continuing their investigations into this issue which includes the Joint Administrators contacting the Companies' accountants.
- 6.7 Attached at Appendix 3 is an estimated statement of the financial position of the Companies, prepared by the Joint Administrators and based upon information available to them.

7. STATEMENTS OF PRE-ADMINISTRATION COSTS

- 7.1 Attached at Appendix 4 are schedules of the Joint Administrators' time costs associated with the pre-administration period (as defined by Rule 2.33(2A)), which total £68,002. The Joint Administrators are proposing resolutions to authorise these costs to be paid in full, plus VAT and disbursements, in accordance with Rule 2.67.A(3) and draw their costs from the monies held by SPW in their client account and from funds held in the insolvent estate. These costs are to be approved by the creditors or by a Creditors' Committee should one be established.
- 7.2 The work undertaken prior to the Joint Administrators appointment is outlined in paragraph 3.9 and 3.10, in addition to assisting the Director in identifying an appropriate course of action and to prepare the necessary forms to file for the appointment of the Joint Administrators.

8. JOINT ADMINISTRATORS' COSTS AND EXPENSES – POST APPOINTMENT

- 8.1 The Creditors' Committee, if appointed, will determine the basis of the Joint Administrators' remuneration. If no Creditors Committee is appointed, the basis of the Joint Administrators remuneration will be determined as part of their proposals.
- 8.2 In accordance with Rule 2.106 of the Rules, as amended, it is proposed that the basis, upon which the Joint Administrators' remuneration should be fixed, is by reference to the time properly given by them and their staff in attending to matters arising in the Administration.
- 8.3 The Joint Administrators' time costs in relation to CHL for the period 4 October 2010 up to and including 7 November 2010 total £491,963. A schedule of these time costs is set out at Appendix 4.
- 8.4 The Joint Administrators' time costs in relation to CCE for the period 4 October 2010 up to and including 7 November 2010 total £834. A schedule of these time costs is set out at Appendix 4. The Joint Administrators have charged only minimal time against CCE due to the understanding that all assets, all customer and creditor liabilities, together with all trading activities were conducted in CHL.
- 8.5 Given the extensive nature of the insolvency process, including the complexity of the investigations and the volume of creditor correspondence, it was considered appropriate that the assignment be conducted by both SPW and MCR as joint appointees. Accordingly, post appointment, the Joint Administrators agreed their division of duties.

8.6 The principal areas where the Joint Administrators and their staff have incurred their time are detailed below.

- Creditor communications, including telephone calls, emails and letters to which in excess of 11,000 email responses have been sent;
- Liaising with the Companies' bankers and advisors;
- Investigations;
- Meeting with action group;
- Dealing with media and press enquiries;
- Preparation and updating of FAQs;
- Securing assets and concluding trading operations at the premises in Hayle;
- Dealing with employees and their claims;
- Asset realisations;
- Securing cash on site and banking;
- Meetings and communicating with the FSA;
- Statutory requirements under the Act and Rules; and
- Dealing with IT forensic experts.

8.7 Information regarding the fees of administrators called a Creditors' guide to Administrators' fees, in accordance with SIP 9, together with schedules of charge out rates can be found on the website, www.mcr.uk.com. Should you require a paper copy, please contact either MCR or SPW.

9. DIVIDEND PROSPECTS / PRESCRIBED PART

Secured Creditors

9.1 There are no secured creditors in relation to the Companies.

Preferential Creditors

9.2 Preferential claims are limited to arrears of employees' wages (up to a maximum of £800 per person) and any outstanding holiday pay.

9.3 As at the Appointment Date, the Companies' employees had been paid 3 months wages as a loan advance. It is likely that employees will be entitled to offset these amounts against claims made for any holiday pay, arrears of wages, redundancy and pay in lieu of notice. The Joint Administrators anticipate that there will be minimal preferential claims, if any.

9.4 All of the Companies' employees were made redundant with effect from 20 October 2010.

Prescribed Part

9.5 Pursuant to Section 176A of the Act where a floating charge is created after 15 September 2003 a prescribed part of a company's net property shall be made available to unsecured creditors.

9.6 Given that there are no floating charges registered against the Companies, the prescribed part will not apply.

Unsecured Non-Preferential Creditors

- 9.7 The unsecured non-preferential creditors are largely made up of customer claims and can be summarised as follows:

	As per the Companies' Records (£)	Claims Received to Date (£)
Customers	20,000,000	16,328,933
Trade & Expense Creditors	Uncertain	Nil
HM Revenue & Customs	Uncertain	154,711
Total	Uncertain	16,483,644

Customers

- 9.8 The Joint Administrators have processed around 8,000 proofs of debt received either by email, post or fax. The Joint Administrators are endeavouring to process each form and send a confirmation of receipt by email or letter within 14 days of the form being received.

Trade & Expense Creditors

- 9.9 The Companies appear to have accounted for all transactions on a cash basis rather than on an accruals basis. In the circumstances it is difficult to establish from the Companies' records the value of accrued trade and expense creditors. The Joint Administrators are looking into this matter, however, this does not affect a creditors' right to claim in the Administration or any subsequent liquidation.

HM Revenue & Customs

- 9.10 Due to the incomplete nature of the Companies' payroll records the Joint Administrators have been unable to determine the current liability due to HMRC in respect of PAYE and / or NIC.
- 9.11 HMRC have submitted an initial claim in the Administrations. This claim has been estimated as the final Form P35 has yet to be submitted. The Joint Administrators are in the process of submitting this final Form P35, and are also investigating the Companies' tax affairs.
- 9.12 Please note that the Companies were not registered for VAT purposes.

Dividend Prospects

- 9.13 Based upon the information currently available it is likely that there will be sufficient realisations to enable a distribution to the preferential and unsecured non-preferential creditors of the Companies.
- 9.14 The Joint Administrators are unable to provide an accurate estimate of the likely value of funds available for distribution. This will be dependent on the final outcome of the investigations into the affairs of the Companies, the level of asset realisations and the value of total claims received. At this stage it should be assumed that the quantum of any distribution will be a small percentage of overall claims. However, should there be any preferential creditors it is likely that they will be paid in full.
- 9.15 It is likely that the Joint Administrators will not be in a position to make a distribution to creditors until 2011, but will consult with creditors and/or any Creditors' Committee (if established) as matters progress.

- 9.16 The Joint Administrators will provide updates when available on the prospects of a dividend distribution through their websites, www.mcr.uk.com and www.spwca.co.uk.

10. EC REGULATION

- 10.1 It is the Joint Administrators' opinion that the EC Regulation applies and these proceedings are main proceedings as defined in Article 3 of the EC Regulation. The centre of main interest of the Companies is in England.

11. CREDITORS' MEETINGS

- 11.1 In accordance with Paragraph 51 of Schedule B1 to the Act, creditors' meetings for the Companies will be held concurrently at the Hilton Metropole Hotel, NEC, Birmingham, B40 1PP on 30 November 2010 at 2.00pm. Notices of the meetings of creditors are enclosed with this report at Appendix 5.
- 11.2 Due to the high attendance anticipated, please ensure you arrive in good time for the meeting, and the meeting room will be open from 12.30pm for registration. Please note that prior to entering the meeting room you will be required to formally register with a member of the Joint Administrators' staff. In addition, you must also bring identification hence the registration process may take longer than normal for such meetings.
- 11.3 The purpose of these meetings is to consider the Joint Administrators' proposals as outlined in Section 12 of this report. **Please note that there is no requirement for creditors to attend the meeting in person and travelling expenses cannot be paid to any attendees. Creditors may wish to consider whether it is more convenient to be represented at the meeting by proxy.**
- 11.4 It should also be noted that attendance at the meetings will not improve a creditor's rights against the Companies and for the avoidance of doubt, no payments to creditors will be made either at the meeting or shortly thereafter.
- 11.5 As advised at paragraph 1.5, should you wish to attend the meeting or nominate a proxy to attend on your behalf, please complete the proxy form at Appendix 6 (alternatively a copy of the proxy is located on the websites www.mcr.uk.com and www.spwca.co.uk and return it to the offices of MCR by 12 noon on 29 November 2010 or by email to crownproxies@mcr.uk.com, again by 12 noon on 29 November 2010. Also attached at Appendix 6 is a guide on how to complete a proxy form for your information.
- 11.6 As explained previously, whilst you are not legally obliged to submit a proxy form as an individual in advance of the meeting, it would greatly assist the Joint Administrators when coordinating the meeting and facilitate the smooth running of the meeting that you provide details in advance of the meeting.

Creditors' Committee

- 11.7 At the respective meetings, creditors will have the opportunity to establish a Creditors' Committee to represent the views of the general body of creditors. Given the large number of individual creditors, it would be beneficial to the smooth running of the Administration process for a Creditors' Committee to be established to assist the Joint Administrators in performing their duties.

- 11.8 Available on the websites www.mcr.uk.com and www.spwca.co.uk is a copy of Statement of Insolvency Practice 15, which provides details of the role and duties of a Creditors' Committee. The Committee must be formed of between 3 and 5 creditor members only and membership will be determined by a vote of the creditors participating at the meeting referred to in paragraph 11.1 (either by proxy or in person).
- 11.9 In addition, the duty of the Creditors' Committee is to agree the basis and quantum of the Joint Administrators' remuneration and their pre-appointment time costs.
- 11.10 If you are elected to act on the Creditors' Committee, you will be required to be in regular correspondence with the Joint Administrators and attend committee meetings. Only reasonable travel expenses will be paid when attending such meetings. No compensation for loss of earnings in the event a committee member has to forgo salary/wages to attend a Creditors' Committee meeting.
- 11.11 Committee members will also be expected to keep all matters discussed confidential.

12. END OF THE ADMINISTRATIONS

- 12.1 The options available to the Joint Administrators for the exit from the Administrations are as follows:

- Compulsory Liquidation
- CVL
- Company Voluntary Arrangement
- Return of control to the director
- Dissolution of company

CHL

- 12.2 The Joint Administrators anticipate that there will be sufficient realisations to enable a distribution to be made to unsecured non-preferential creditors of CHL.
- 12.3 Once all matters in relation to the Administration estate have been finalised and in order to make a distribution to the unsecured non-preferential creditors of CHL, the Joint Administrators recommend that CHL be moved into CVL. In this scenario, it is proposed that the Joint Administrators, be appointed as Joint Liquidators of CHL.
- 12.4 You will note from the proposals section below that the Joint Administrators have left the choice of exit route from Administration open so that an alternative strategy can be adopted, should this prove more appropriate at the time.

CCE

- 12.5 The Joint Administrators are uncertain whether there will be sufficient realisations to enable a distribution to be made to non-preferential creditors of CCE.
- 12.6 In the event that the Joint Administrators form the view that a distribution can be made to the non-preferential creditors of CCE, then the Joint Administrators recommend that the Company be moved into CVL. It may also be appropriate that in order to continue investigations into CCE affairs and directors' conduct that CCE be placed into Compulsory Liquidation. In these scenarios, it is proposed that the Joint Administrators, be appointed as Joint Liquidators of CCE.

- 12.7 You will note from the proposals section below that the Joint Administrators have left the choice of exit route from Administration open so that an alternative strategy can be adopted, should this prove more appropriate at the time.

13. JOINT ADMINISTRATORS' PROPOSALS

CHL

- 13.1 The Joint Administrators propose the following:

- 13.1.1 That the Joint Administrators continue the Administration to deal with such outstanding matters in relation to CHL as the Joint Administrators consider necessary until such time as the Administration ceases to have effect.
- 13.1.2 That the Joint Administrators do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they, in their sole and absolute discretion consider desirable or expedient in order to achieve the purpose of the Administration.
- 13.1.3 That the Joint Administrators, when it is anticipated that no better realisations will be made in the Administration than would be available in a winding up, take the necessary steps to put CHL into either CVL, Company Voluntary Arrangement or into Compulsory Liquidation as deemed appropriate by the Joint Administrators. It is proposed that the Joint Administrators, currently Paul Clark and Matthew Bond of MCR and Harold Sorsky and Stella Davis of SPW would act as Joint Liquidators should CHL be placed into CVL or Compulsory Liquidation. In accordance with Paragraph 83(7) of Schedule B1 to the Act and Rule 2.117A(2)(b) of the Rules creditors may nominate a different person(s) as the proposed liquidator(s), provided the nomination is received at this office prior to the approval of these proposals. In the absence of such nomination, the Joint Administrators will be appointed Joint Liquidators.
- 13.1.4 That the Joint Administrators, in the event that they form the view that the exit options identified in proposal 13.1.3 above are inappropriate, then, in due course, take the necessary steps to give notice to the Registrar of Companies to the effect that the CHL has no property which might permit a distribution to its creditors, at which stage the Administration will cease and CHL will subsequently be dissolved.
- 13.1.5 That the Joint Administrators be discharged from all liability pursuant to paragraph 98 of Schedule B1 to the Act, upon filing the end of the Administration or their appointment otherwise ceasing.
- 13.1.6 That the Joint Administrators' remuneration, where no Creditors' Committee is established, be fixed by reference to the time properly incurred by them and their staff in attending matters during the Administration and that they be allowed to draw such remuneration as and when funds permit without further recourse to the creditors of the CHL.
- 13.1.7 That the Joint Administrators, where no Creditors' Committee is established, be authorised to draw fees of £68,002 plus VAT and disbursements in respect of time costs incurred in assisting in placing CHL into Administration in accordance with Rule 2.67A(3) of the Rules (as amended).

13.1.8 That the Joint Administrators, where no Creditors' Committee is established, be authorised to draw their firms' internal costs and expenses in dealing with the Administration ("Category 2 Disbursements"), if any.

CCE

13.2 The Joint Administrators propose the following:

13.2.1 That the Joint Administrators continue the Administration to deal with such outstanding matters in relation to CCE as the Joint Administrators consider necessary until such time as the Administration ceases to have effect.

13.2.2 That the Joint Administrators do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they, in their sole and absolute discretion consider desirable or expedient in order to achieve the purpose of the Administration.

13.2.3 That the Joint Administrators, when it is anticipated that no better realisations will be made in the Administration than would be available in a winding up, take the necessary steps to put CCE into either CVL, Company Voluntary Arrangement or into Compulsory Liquidation as deemed appropriate by the Joint Administrators. It is proposed that the Joint Administrators, currently Paul Clark and Matthew Bond of MCR and Harold Sorsky and Stella Davis of SPW (UK) LLP would act as Joint Liquidators should CCE be placed into CVL. In accordance with Paragraph 83(7) of Schedule B1 to the Act and Rule 2.117A(2)(b) of the Rules creditors may nominate a different person(s) as the proposed liquidator(s), provided the nomination is received at this office prior to the approval of these proposals. In the absence of such nomination, the Joint Administrators will be appointed Joint Liquidators.

13.2.4 That the Joint Administrators, in the event that they form the view that the exit options identified in proposal 13.2.3 above are inappropriate, then, in due course, take the necessary steps to give notice to the Registrar of Companies to the effect that the CCE has no property which might permit a distribution to its creditors, at which stage the Administration will cease and CCE will subsequently be dissolved.

13.2.5 That the Joint Administrators be discharged from all liability pursuant to paragraph 98 of Schedule B1 to the Act, upon filing the end of the Administration or their appointment otherwise ceasing.

13.2.6 That the Joint Administrators' remuneration, where no Creditors' Committee is established, be fixed by reference to the time properly incurred by them and their staff in attending matters during the Administration and that they be allowed to draw such remuneration as and when funds permit without further recourse to the creditors of the CCE.

13.2.7 That the Joint Administrators, where no Creditors' Committee is established, be authorised to draw their firm's internal costs and expenses in dealing with the Administration ("Category 2 Disbursements"), if any.

14. OTHER MATTERS

- 14.1 If you require further information, please visit our websites, www.mcr.uk.com and www.spwca.co.uk or email crowncurrencyexchange@mcr.uk.com.
- 14.2 If any creditor has any information concerning the Companies' affairs that they would like to bring to our attention, then we should be pleased to hear from them.

For and on behalf of
Crown Holdings (London) Limited
Crown Currency Exchange Limited

The Joint Administrators

Paul Clark, Matthew Bond, Harold Sorsky and Stella Davis
The Joint Administrators

Enc.

The affairs, business and property of the Companies are being managed by the Joint Administrators, Paul Clark and Matt Bond of MCR, and Harold Sorsky and Stella Davis of SPW (UK) LLP, who act as agents for the Companies and without personal liability. Paul Clark and Matt Bond are licensed by the Insolvency Practitioners Association, Harold Sorsky and Stella Davis are both licensed by the ACCA.

APPENDIX 1
STATUTORY INFORMATION

STATUTORY INFORMATION – CHL

Date of incorporation	12 August 2004				
Registered number	05204837				
Company director	Mr Peter David Benstead Arley Nancledra Penzance TR20 8BD				
Company secretary	Mr Stephen John Matthews				
Shareholders	Peter David Benstead – 78 Ordinary Shares Edward James – 22 Ordinary Shares				
Trading address	John Harvey House Foundry Square Hayle Cornwall TR27 4HH				
Registered Office	<table><tr><td>Current:</td><td>Formerly:</td></tr><tr><td>43-45 Portman Square London W1H 6LY</td><td>John Harvey House Foundry Square Hayle TR27 4HH</td></tr></table>	Current:	Formerly:	43-45 Portman Square London W1H 6LY	John Harvey House Foundry Square Hayle TR27 4HH
Current:	Formerly:				
43-45 Portman Square London W1H 6LY	John Harvey House Foundry Square Hayle TR27 4HH				
Other Trading Names	Crown Currency Exchange Travel Money Services				

Financial information

	As at 30 Nov 09 £	As at 30 Nov 08 £
Fixed Assets	94,814	69,216
Current Assets	2,027,585	906,504
Current Liabilities	0	0
Total Assets Less Current Liabilities	2,122,399	975,720
Creditors: Amounts Falling Due After One Year	(2,036,703)	(947,602)
Total Net Assets	85,696	28,118
Capital and Reserves	85,696	28,118

Note: This financial information has been prepared using the abbreviated accounts filed at Companies House, which were not subject to an independent audit.

STATUTORY INFORMATION – CCE

Date of incorporation	30 June 2004	
Registered number	05167427	
Company director	Mr Peter David Benstead Arley Nancledra Penzance TR20 8BD	
Company secretary	Mr Stephen John Matthews	
Shareholders	Peter David Benstead – 7750 Ordinary Shares Edward James – 2250 Ordinary Shares	
Trading address	John Harvey House Foundry Square Hayle Cornwall TR27 4HH	
Registered Office	Current:	Formerly:
	43-45 Portman Square London W1H 6LY	John Harvey House Foundry Square Hayle TR27 4HH

Financial information

	As at 30 Nov 09 £	As at 30 Nov 08 £
Fixed Assets	113,228	79,911
Current Assets	2,535,458	1,704,864
Current Liabilities	(2,836,974)	(2,053,933)
Total Assets Less Current Liabilities	(188,288)	(269,158)
Creditors: Amounts Falling Due After One Year	0	0
Total Net Assets	(188,288)	(269,158)
Capital and Reserves	(188,288)	(269,158)

Note: This financial information has been prepared using the abbreviated accounts filed at Companies House, which were not subject to an independent audit.

APPENDIX 2

JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNTS

**Crown Holdings (London) Limited (In Administration)
Joint Administrators' Receipts and Payments Account**

**Statement of
Affairs
Estimated to
Realise
£**

UNCHARGED ASSETS

	Foreign Currency and Travellers Cheques Held on Site
	Funds Held by ICE
	Petty Cash
3,500,973.00	Cash at Bank
	Office Furniture & Equipment
	Motor Vehicles

3,500,973.00

COST OF REALISATIONS

Re-Direction of Mail
Rent
Statutory Advertising
Security Costs
IT Costs
Employee Expenses
Bank Charges
Irrecoverable VAT

BALANCE OF THE ESTATE

REPRESENTED BY

Main Current Account
VAT Receivable

**4 October 2010 to
15 November 2010
£**

527,411.27
80,031.00
8.02

607,450.29

(51.92)
(4,291.41)
(5,020.20)
(4,568.00)
(783.76)
(126.50)
(0.74)
(133.56)

(14,976.09)

592,474.20

590,792.65
1,681.55

592,474.20

Notes

Barclays are currently holding £2,835,711 in "mirror accounts"

2,835,711.00

SPW are currently holding an additional £61,750 in their client account

61,750.00

Saunders are currently holding £79,375 in their client account

79,375.00

3,569,310.20

Crown Currency Exchange Limited (In Administration)
Joint Administrators' Receipts and Payments Account

**Statement of
Affairs
Estimated to
Realise
£**

UNCHARGED ASSETS
N/A

COST OF REALISATIONS

BALANCE OF THE ESTATE

**4 October 2010 to
15 November
2010
£**

NIL

NIL

NIL

APPENDIX 3

STATEMENTS OF AFFAIRS AND ESTIMATED STATEMENT OF FINANCIAL POSITION

Crown Holdings (London) Limited & Crown Currency Exchange Limited (Both in Administration) ("the Companies")
Summary of the Estimated Financial Position as at 4 October 2010

	Book Value £
UNCHARGED ASSETS	
Office Furniture & Equipment	18,500
Motor Vehicles	3,900
Money Held at ICE	80,031
Cash at Barclays	2,835,712
Cash on Site	695,697
Total Uncharged Assets	<u>3,633,840</u>
SECURED CREDITORS	Nil
PREFERENTIAL CREDITORS	
Employee Claims	Uncertain
UNSECURED CREDITORS	
Customers	(20,000,000)
Trade & Expense Creditors	Uncertain
Employee Claims	Uncertain
HM Revenue & Customs	(154,711)
Total Liabilities	<u>(20,154,711)</u>
Net Assets/Liabilities	<u><u>(16,520,871)</u></u>

Notes

1. This has been prepared using the Companies' books and records as a guide. These figures have not been independently verified, other than information provided by the Joint Administrators' valuation agents.
2. The cash at bank, money held by ICE and cash on site are actual figures which can be reconciled to the receipts and payments account.
3. The estimate of Customer claims is based on the Joint Administrators review of the Companies' books and records.
4. Due to the Companies' accounting policies the Joint Administrators are unable to accurately estimate the trade & expense creditor claims at this stage.
5. The Joint Administrators are yet to be notified of employee claims by the RPO.
6. This does not take into consideration the Director's SOA or its contents.

02078367975

Rule 2.29

Form 2.14B

Statement of affairs

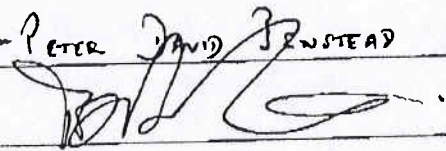
Name of Companies Crown Holdings (London) Limited	Company numbers 05204837
In the High Court of Justice Chancery Division Companies Court London	Court Case Numbers 8006 of 2010

Statement as to the affairs of Crown Holdings (London) Limited
John Harvey House, Foundry Square, Hayle, Cornwall, TR27 4HH

on the 4 October 2010, the date that the Company entered Administration.

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named Company as at 4 October 2010 the date that the Company entered Administration.

Full name PETER DAVID BENSTEAD
Signed 
Dated 2/11/10

02078367975

INSOLVENCY ACT 1986

DIRECTORS STATEMENT OF AFFAIRS

A - Summary of Assets

Assets	Notes	Book Value £	Estimated to realise £
Assets subject to fixed charge:		NIL	NIL
Assets subject to floating charge:		NIL	NIL
Uncharged assets: CAS per Jt. administrators' draft estimated position statement as at 20. October 2010.		3,500,973	
Value of The Hews, Rose Hill, Penzance TR20 8TE less deposit paid by Susan Benstead		900,000	
Estimated total assets available for preferential creditors		£ 4,400,973	

Signature



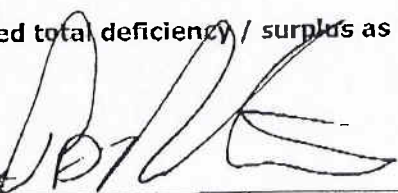
Date 2/11/10

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INSOLVENCY ACT 1986**DIRECTORS STATEMENT OF AFFAIRS****A1 – Summary of liabilities**

		Estimated to realise £
Estimated total assets available for preferential creditors (carried from page A)	£	4,400,973
Liabilities		
Preferential creditors:	£	NIL
Estimated deficiency / surplus as regards preferential creditors:	£	NIL
Estimated prescribed part of net property where applicable (to carry forward)	£	
Estimated total assets available for floating charge holders	£	4,400,973
Debts secured by floating charges	£	NIL
Estimated deficiency / surplus of assets after floating charges	£	4,400,973
Estimated prescribed part of net property where applicable (brought down)		
Total assets available to unsecured creditors	£	4,400,973
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£20,100,000	
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£	15,899,027
Shortfall to floating charge holders (brought down)		
Estimated deficiency/surplus as regard creditors		
Issued and called up capital		
Estimated total deficiency / surplus as regards members	£	15,899,027

Signature



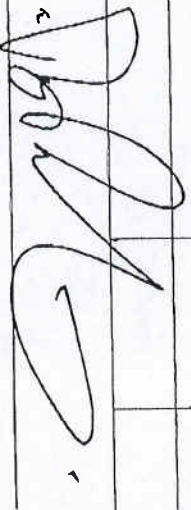
Date 2/11/10

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of Security £
The Creditors are essentially the customers of the companies who are owed money					
and who are owed approximately		20,300,000	None		
The joint administrators have no relevant records pertaining to same.					
There may be some trade creditors who are owed money approximately from		20,000			
more than					
The joint administrators have no relevant records.					

Signature



Date

2/11/10

APPENDIX 4

ANALYSIS OF TIME CHARGED AND EXPENSES INCURRED - PRE-ADMINISTRATION AND POST ADMINISTRATION

CROWN CURRENCY EXCHANGE LIMITED & CROWN HOLDINGS (LONDON) LIMITED

Analysis of MCR's Pre-Administration Time Costs

Classification of Work Function	Hours					Total Hours	Time Cost £	Av hourly Rate £
	Partner	Manager	Senior	Assistant	Support			
Administration and Planning								
Strategy planning & control	52.90	25.00	0.80	12.00		90.70	38,576.50	425.32
Cashiering & accounting				0.10		0.10	15.50	155.00
Realisation of Assets								
Other Intangible Assets				0.50		0.50	77.50	155.00
Total Hours	52.90	25.00	0.80	12.60	0.00	91.30		423.54
Total Fees Claimed (£)	26,185.50	9,875.00	176.00	2,433.00	0.00		38,669.50	

Category 2 Disbursements:

There are no category 2 disbursements for this case to date.

MCR

CROWN HOLDINGS (LONDON) LIMITED (IN ADMINISTRATION)

Analysis of Joint Administrators' time costs for the period 4 October 2010 to 7 November 2010

Classification of Work Function	Hours					Total Hours	Time Cost £	Av hourly Rate £
	Partner	Manager	Senior	Assistant	Support			
Administration and Planning								
Strategy planning & control	90.90	52.00	34.90	70.90		248.70	84,442.50	339.54
Statutory matters (Meetings, Reports and Notices)	13.70	15.60	29.40	34.40		93.10	23,013.00	247.19
IPS set up & maintenance		0.80		110.30		111.10	13,109.50	118.00
Cashiering & accounting	0.20	13.40	6.90	16.10		36.60	8,907.00	243.36
Dealings with Directors and Management	3.90	6.80	2.30	3.60		16.60	5,625.00	338.86
Case review and Case Diary management	0.60	0.60	0.50	2.20		3.90	1,054.00	270.26
Insurance	1.00		0.10	0.50		1.60	614.50	384.06
Tax Compliance/Planning	0.80			0.30		1.10	435.50	395.91
Statement of affairs	0.30					0.30	148.50	495.00
Investigations								
Financial review and investigations (S238/239 etc)	75.30	65.30	13.60	13.90		168.10	67,449.00	401.24
CDDA, reports & Communication	0.70			4.00		4.70	746.50	158.83
Realisation of Assets								
Other Tangible Assets		2.90	1.80			4.70	1,541.50	327.98
Book debts	0.70					0.70	346.50	495.00
Freehold and Leasehold Property				1.00		1.00	195.00	195.00
Plant, Machinery, Fixtures and Motor Vehicles				0.90		0.90	175.50	195.00
Sale of business			0.30			0.30	58.50	195.00
Trading								
Trading - Operations	4.20	14.20		47.40		65.80	16,931.00	257.31
Trading - Employees	7.10	8.10		8.80		24.00	7,860.00	327.50
Trading - Insurance		0.80		0.20		1.00	355.00	355.00
Creditors								
Communications with Creditors/Employees	105.40	48.10	102.00	261.40		516.90	122,549.50	237.06
Non Pref Creditors/Employee claims handling	5.00	14.60	96.50	181.20	98.70	396.00	54,431.50	137.45
Non Pref Creditor claims adjudication and dist'n			0.60	146.60		147.20	14,793.50	100.50
Total Hours	309.80	243.20	288.90	903.70	98.70	1,844.30		230.32
Total Fees Claimed (£)	153,141.00	92,241.50	65,063.00	111,376.00	2,961.00		424,782.50	

Category 2 Disbursements:

There are no category 2 disbursements for this case to date.

MCR**CROWN CURRENCY EXCHANGE LIMITED (IN ADMINISTRATION)****Analysis of Joint Administrators' time costs for the period 4 October 2010 to 7 November 2010**

Classification of Work Function	Hours					Total Hours	Time Cost £	Av hourly Rate £
	Partner	Manager	Senior	Assistant	Support			
Administration and Planning								
Statutory matters (Meetings, Reports and Notices)		0.90		0.20		1.10	394.50	358.64
Cashiering & accounting			0.50			0.50	132.50	265.00
Case review and Case Diary management			0.30	0.20		0.50	105.00	210.00
Strategy planning & control				0.10		0.10	15.50	155.00
Investigations								
Financial review and investigations (\$238/239 etc)				0.50		0.50	50.00	100.00
Trading								
Trading - Operations				0.70		0.70	136.50	195.00
Total Hours		0.90	0.80	1.70	0.00	3.40		245.29
Total Fees Claimed (£)		355.50	198.50	280.00	0.00		834.00	

Category 2 Disbursements:

There are no category 2 disbursements for this case to date.

APPENDIX 5
NOTICE OF MEETINGS

Rule 2.35

Notice of a meeting of Creditors

Name of Company

Crown Holdings (London) Limited

Company number

05204837

In the
High Court of Justice
Chancery Division
Companies Court
London

(full name of court)

Court case number

8006 of 2010

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

Notice is hereby given by (a)

Paul John Clark
MCR
43-45 Portman Square
London
W1H 6LYMatthew Peter Bond
MCR
43-45 Portman Square
London
W1H 6LYStella Davis
SPW (UK) LLP
Gable House
239 Regents Park Road
London
N3 3LFHarold Sorsky
SPW (UK) LLP
Gable House
239 Regents Park Road
London
N3 3LF(b) Insert appointment
date

Administrator appointment made on

4 October 2010

(c) Insert IP No's

8570, 9662, 9585 and 5398

(b) Insert full name and
address of registered
office of the companyThat a meeting of creditors of (b)
Crown Holdings (London) Limited
43-45 Portman Square
London
W1H 6LY(c) Insert details of place
of meeting

is to be held at (c)

(c) Hilton Metropole Hotel
National Exhibition Centre
Birmingham
B40 1PP(d) Insert date and time
of meeting

on (d) 30 November 2010

at 2.00pm

The meeting is:

*Delete as applicable

*(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ('the schedule')

~~*(2) an initial creditors' meeting requested under paragraph 52(2) of the Schedule~~

~~*(3) to consider revisions to my proposals under paragraph 54(2) of the Schedule~~

~~*(4) a further creditors' meeting under paragraph 56 of the Schedule~~

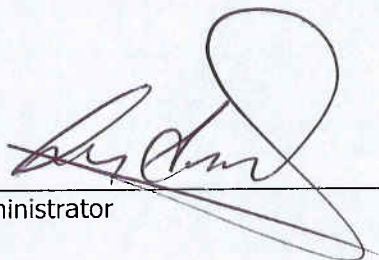
~~*(5) a creditors' meeting under paragraph 62 of the Schedule.~~

I invite you to attend the meeting.

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented.

In order to be entitled to vote under Rule 2.38 at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

Signed



Joint Administrator

Dated

15-11-10

*Delete as applicable

A copy of the *proposals/~~revised proposals~~ is attached

Rule 2.35

Notice of a meeting of Creditors

Name of Company

Crown Currency Exchange Limited

Company number

05167427

In the
High Court of Justice
Chancery Division
Companies Court
London

(full name of court)

Court case number

8008 of 2010

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

Notice is hereby given by (a)

Paul John Clark
MCR
43-45 Portman Square
London
W1H 6LYMatthew Peter Bond
MCR
43-45 Portman Square
London
W1H 6LYStella Davis
SPW (UK) LLP
Gable House
239 Regents Park Road
London
N3 3LFHarold Sorsky
SPW (UK) LLP
Gable House
239 Regents Park Road
London
N3 3LF(b) Insert appointment
date

Administrator appointment made on

4 October 2010

(c) Insert IP No's

8570, 9662, 9585 and 5398

(b) Insert full name and
address of registered
office of the companyThat a meeting of creditors of (b)
Crown Currency Exchange Limited
43-45 Portman Square
London
W1H 6LY(c) Insert details of place
of meeting

is to be held at (c)

(c) Hilton Metropole Hotel
National Exhibition Centre
Birmingham
B40 1PP(d) Insert date and time
of meeting

on (d) 30 November 2010

at 2.00pm

The meeting is:

*Delete as applicable

*(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ('the schedule')

~~*(2) an initial creditors' meeting requested under paragraph 52(2) of the Schedule~~

~~*(3) to consider revisions to my proposals under paragraph 54(2) of the Schedule~~

~~*(4) a further creditors' meeting under paragraph 56 of the Schedule~~

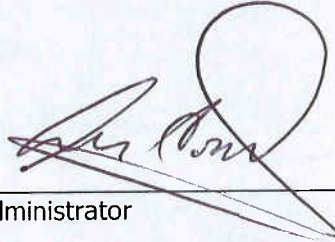
~~*(5) a creditors' meeting under paragraph 62 of the Schedule.~~

I invite you to attend the meeting.

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented.

In order to be entitled to vote under Rule 2.38 at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

Signed



Joint Administrator

Dated

15-11-10

*Delete as applicable

A copy of the *proposals/~~revised proposals~~ is attached

APPENDIX 6

PROXY FORM AND GUIDE TO COMPLETE A PROXY FORM

Proxy (Administration)

Crown Holdings (London) Limited (In Administration)

Name of Creditor _____

Address _____

Name of Proxy Holder

1 _____

2 _____

3 _____

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on 30 November 2010, or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below [and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion].

Voting Instructions for resolutions

*Please delete as appropriate

1. For the **acceptance/rejection*** of the Joint Administrators' proposals/revised proposals* as circulated.

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

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor has not signed in person

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

How to Complete a Proxy Form

Important Information

Creditors wishing to vote at the meeting must complete and lodge the proxy with the Joint Administrators.

Creditors who are individuals attending the meeting personally or are companies authorising a representative under Section 434B of the Companies Act 2006, are not legally obliged to complete a proxy form in advance of the meeting, however it would greatly assist the Joint Administrators when coordinating and facilitating the smooth running of the meeting that you provide details in advance of the meeting by completion of a proxy form.

All creditors who wish to vote at the meeting, whether in person or by proxy, must provide details of their claim against the Companies to the Joint Administrators before 12 noon on the business day preceding the day of the meeting.

Name of Creditor

Insert the name of the person, company or other body owed money.

Address

Insert the creditor's full address

Name of Proxy Holder

If you, or another authorised representative are attending the meeting then please put your/his/her name in here.

If someone else is attending on your behalf (for example your solicitor), then please state his or her name. If you wish, you may list more than one proxy holder, in case your first choice is unable to attend.

If you are not attending the meeting or sending a representative you may still vote by appointing the chairman as your proxy holder. To do so insert the words "**chairman of the meeting**" in the space for the proxy holder's name. The chairman will be one of the Administrators or an employee of the Administrators duly authorised to act as chairman.

Voting Instruction for Resolution

You do not need to give any voting instructions if you are happy for your proxy holder to exercise his or her own discretion on the use of your vote.

Complete section 1 to instruct your proxy holder how to vote on the acceptance or rejection of the Administrators' Proposals.

Complete section 2 if you wish to vote for a specific creditor to be appointed to the Creditors' Committee. Otherwise, leave this section blank.

Complete section 3 to instruct your proxy holder how to vote in respect of the Administrators' remuneration in the event that a Creditors' Committee is not formed.

There may be other resolutions proposed at the meeting. If you are content for your proxy holder to vote on any such resolution as he or she thinks fit, you need take no further action. If you do not wish your proxy holder to vote on any such resolutions you should delete the words in square brackets in the middle of the form. Please note if you delete these words without completing section 1 or 2, your proxy holder will not be able to vote at all.

Signature

The proxy form must be signed by a duly authorised representative or the creditor themselves, and his or her relationship to the creditor should be stated.