

The Insolvency Act 1986

Notice of result of meeting of creditors

Name of Company SWL Realisations Ltd (formerly Shakeaway Worldwide Ltd)	Company number 05707091
In the: High Court of Justice, Chancery Division, Bristol [full name of court]	Court case number 187 of 2011

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

I / We, (a) Julie Anne Palmer of Begbies Traynor (Central) LLP, 65 St Edmunds Church Street, Salisbury, Wiltshire SP1 1EF and Mark Robert Fry of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT

* Delete as applicable

hereby report that ~~*a meeting / an adjourned meeting of the creditors of the above company was held at~~

(b)

Business of meeting conducted by correspondence pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986 and Rule 2.48 of the Insolvency Rules 1986

(b) Insert place of meeting

(c) Insert date of meeting

* Delete as applicable

on (c) Closing date specified in Form 2.25B 13 April 2011
at which

(d) Give details of the
modifications (if any)

Proposals / revised proposals were approved

Other resolutions. (f)

(e) Insert time and date of
adjourned meeting

(1) "That the joint administrators' remuneration be fixed by reference to the time properly given by the joint administrators (as administrators) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters arising in the administration."

(f) Details of other resolutions
passed

(2) "That the joint administrators be authorised to draw disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9), in accordance with their firm's policy, details of which accompanied *The Statement of Proposals of the Joint Administrators for Achieving the Purpose of the Administration pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986.*"

(3) "That the joint administrators' unpaid pre-administration costs in the total sum of £5897 50 plus VAT and disbursements of £59 10 plus VAT detailed in the statement of pre-administration costs contained in the joint administrators' Statement of Proposals, be approved for payment "

(4) "That the joint administrators' be discharged from liability in respect of any actions of theirs as administrators, pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986, with effect from the date their appointment as joint administrators ceases to have effect."

(5) "That the joint administrators' proposals for achieving the purpose of the administration, as set out in the document entitled *The Statement of Proposals of the Joint Administrators for Achieving the purpose of the Administration pursuant to Paragraph 49 of schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986*, be and hereby are approved "



ARNRCTAU

AIQ

14/04/2011

6

COMPANIES HOUSE

A creditors' committee was not formed

Signed _____
 Joint / Administrator(s)



Dated. 13/04/11

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Bebbies Traynor (Central) LLP	
1000 Lakeside, North Harbour, Western Road, Portsmouth, PO6 3EZ	
	Tel Number 02392 704312
Fax Number 02392 704310	DX Number

When you have completed and signed this form please send it to the Registrar of Companies at
 Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

THURSDAY

COMPANIES HOUSE

Julie Anne Palmer and Mark Robert Fry were appointed as joint administrators on 14 February 2011

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability

SWL Realisations Limited (formerly Shakeaway Worldwide Limited) (In Administration)

Statement of proposals of the joint administrators for achieving the purpose of the administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986

Important Notice

The administrators' statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	SWL Realisations Limited (formerly Shakeaway Worldwide Ltd) (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Insolvency Act 1986 on 14 February 2011
"the administrators"	Julie Anne Palmer of Begbies Traynor (Central) LLP, 65 St Edmund Church Street, Salisbury, SP1 1EF and Mark Robert Fry of Begbies Traynor (Central) LLP 32 Cornhill, London, EC3V 3BT
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

2. STATUTORY INFORMATION

Name of Company	SWL Realisations Limited (formerly Shakeaway Worldwide Ltd)	
Trading name(s)	Shakeaway Worldwide Limited	
Date of Incorporation	13 February 2006	
Company registered number	05707091	
Company registered office	65 St Edmunds Church Street, Salisbury, Wiltshire, SP1 1EF	
Former registered office	7 Post Office Road, Bournemouth, BH1 1BB	
Trading address(es) (or attach a separate sheet if more than one)	7 Post Office Road, Bournemouth, Dorset, BH1 1BB	
Principal business activities	Retail - General Retailers	
Directors and details of shares held in the Company (if any)	Name	Shareholding
	Peter Robert Moody	Nil
	Robert Peter Hazell	Nil
Company Secretary and details of the shares held in Company (if any)	Name	Shareholding
	Peter Robert Moody	Nil
Auditors.	R&B Limited Meteor House, Whittle Road, Churchfield, Salisbury, SP2 7YW	
Share capital	2	
Shareholders	Red Lightning Group Limited - the above directors being directors and shareholders of this company	

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of the administrators	Julie Anne Palmer, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 41 Castle Way, Southampton, SO14 2BW and Mark Robert Fry, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT
Date of administrators' appointment	14 February 2011
Date of administrators' resignation	n/a
Court	High Court of Justice, Chancery Division, Bristol

Court Case Number	187 of 2011
Person(s) making appointment / application	Peter Robert Moody - Director
Acts of the administrators	The administrators act as officers of the court and as agents of the Company without personal liability Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
 - (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole "

4. CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF ADMINISTRATORS

The Company's business was selling milkshakes across the UK and worldwide through stores and franchises. Shakeaway Limited was formed by the current directors in July 1999. Shakeaway Worldwide Limited was formed by the directors in 2006 to take the business worldwide. At the time of our appointment, Shakeaway Worldwide Limited operated 3 franchised stores in Dublin, Melbourne and Abu Dhabi.

The Company's fortunes were closely linked to that of its sister company Shakeaway Limited which began to experience financial difficulties partly as a consequence of management having to take action in respect of trademark infringement. Management spent a great deal of time involved with the Court case and therefore away from the running of the business. This had an adverse impact on the Company's trading due to delayed planned openings of stores and franchises. The aggressive expansion over the last five years, taking advantage of rent-free and reduced rent periods where possible, committed sister company Shakeaway Limited to substantial overheads, which in the economic downturn has proved to be an unsustainable financial model.

In addition, there was a decline in general trading and reduced management involvement due to ill health on the part of one of the directors.

As a result, with cash flow issues and landlord pressure that had been building, with bailiff visits occurring at various stores, the directors recognised the need to take action. Independent advisers and accountants were engaged to assist in planning a rationalisation of the business model. Efforts were also made to source alternative finance with a different bank or through a suitable equity investor.

If all due payments were made, Shakeaway Limited would have breached their overdraft facility. The insolvency of Shakeaway Limited demonstrated by the inevitability of distraint or forfeiture by one of more landlords meant that the stores and the brand as a whole was threatened leaving the solvent sale of the Company as a whole unlikely.

We were introduced to the Company by PricewaterhouseCoopers, a firm of Accountants who had been advising the Companies. An initial advisory meeting was held with the directors on 21 December 2010 with formal engagement taking place on 18 January 2011.

A sale of the business needed to be concluded quickly to preserve the value of the business. With landlord pressure on the sister company increasing and warrants being obtained for bailiffs to attend various sites, a Notice of Appointment of Administrators was filed in Court at the same time as a similar Notice was filed for the sister company.

In addition, the company owed in excess of £100,000 to its sister company, which would have been pursued by its Administrator once appointed. The sale of the company's assets outside of a formal insolvency procedure could have been open to scrutiny and ultimately challenge by any appointed office-holder.

5. STATEMENT OF AFFAIRS

The directors have not yet submitted a statement of affairs of the Company as at 14 February 2011 and the Statement of Affairs attached at Appendix 2 has been prepared by the administrators based on the information provided by the Company. The Statement of Affairs makes no provision for the costs of the administration or any subsequent liquidation or voluntary arrangement.

Our comments on the statement of affairs are as follows

ASSETS

Goodwill

The amount of £20,000 is estimated to realise in the statement of affairs in respect of the value attributed to the international franchises

Franchisee Book Debts

The sum of £108,683 is shown as owing to the company. The Administrator is at this stage uncertain what the balances relate to, but believes that £6,560.57 relates to franchise management fees and that the balance relates to pre-payments. This figure is being queried with the Company's accountant for clarification. The estimated to realise figure is uncertain.

6. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 14 February 2011 to 10 March 2011.

As detailed below, the goodwill was sold by way of a pre-packaged sale following our appointment on 14 February 2011 for a sum of £20,000 to SPN Acquisitions Limited.

Pre-packaged sale of the business and assets

Creditors of the Company have already been provided with information on the pre-packaged sale of the Company's business and assets by letter dated 15 February 2011.

The information previously provided to creditors is as follows:

INFORMATION ABOUT THE COMPANY AND THE PRE-PACKAGED SALE OF THE COMPANY'S ASSETS AND UNDERTAKING ON 14 FEBRUARY 2011

The reasons for the pre-packaged sale

Any sale of the business needed to be concluded quickly to preserve the value of the business. Landlord pressure on sister company Shakeaway Limited was intense and warrants had been obtained for bailiffs to attend at various sites. The Notice of Intention to Appoint gave an interim moratorium over the company and that has given a short period in which to deal with a sale and all interested parties.

The alternative to a pre-packaged sale would be a trading administration or liquidation. No funds were available to the proposed administrators to undertake trading on of the company particularly with regard to the landlords and arrears of rent accruing. A liquidation of the company would result in a depletion of asset realisations with no value attributable to a going concern sale.

FURTHER INFORMATION IN RELATION TO THE PRE-PACKAGED SALE

Who was the source of Begbies Traynor (Central) LLP's initial introduction to the Company?

An introduction to the Company came by Mark Aitchison a partner in the firm Princecroft Willis, Accountants, who had been advising the Companies with regard to a slimmed down business plan with a view to re-banking. An initial general advisory meeting was held with the directors on 21 December 2010. A formal engagement letter was signed by the directors on 18 January 2011.

What was the extent of Julie Anne Palmer and Mark Robert Fry, and Begbies Traynor (Central) LLP's involvement with the Company before appointment?

An initial formal meeting with the directors of the Company, Peter Moody and Robert Hazell was held on 21 December 2010. The directors had advised us that there were two parties interested in investing in the companies with a view to restructuring. At this stage, the proposed administrators had been asked for general insolvency advice. They were provided with accounts information from the companies' accountants, Rawlence & Brown, together with an overview from Princecroft Willis of the required figures to be put together for a slimmed down business plan.

Prior to their appointment the proposed administrators advised the Company and not the directors on their personal position, the directors were encouraged to take independent advice.

Please note that negotiations with all interested parties and the ultimate Purchaser in relation to the pre-packaged sale were conducted by Julie Anne Palmer and Mark Robert Fry prior to their formal appointment as administrators and not by the directors of the Company.

What marketing of the Company's undertaking and assets was undertaken by the Company?

At the time that the proposed administrators were approached to advise, the directors had met with a number of interested investors/purchasers. Various industry specialists had been engaged by them to assist in the process. The proposed administrators advised the directors that should they be engaged the proposed administrators would need to contact all parties who had expressed an interest in the business that the directors were aware of.

What marketing of the Company's undertaking and assets was undertaken by Julie Anne Palmer and Mark Robert Fry?

Any formal marketing of the business would destroy the value. There was insufficient time to advertise the business for sale in a national newspaper.

The proposed administrators contacted all the parties who had indicated expressions of interest to the directors and used the internal corporate finance network to identify any potential purchasers. Confidentiality letters were sent out to seven parties and financial/operational information supplied. Meetings were held with four interested parties.

A further party then contacted the proposed administrators on 27 January 2011 who had made an offer to buy the assets of the companies in December. The proposed administrators had been unaware of this party and had accepted an offer from another party, subject to contract. All efforts were made to provide information to this party in order that a proper bid could be made. Any party had to complete swiftly.

Four parties withdrew without making an offer.

What valuations of the Company's undertaking and assets were obtained?

Edward Symmons, Valuers, were instructed to visit several stores to value the chattel assets, store fixtures and fittings and sundry equipment. The Valuers confirmed that such items only had a real value on a going concern in situ sale.

What alternative courses of action were considered by Julie Anne Palmer and Mark Robert Fry?

Due to the pressure from landlords as a result of unpaid rent on the sister company, continued trading would require additional funding and that would not be forthcoming.

Liquidation would erode any goodwill value of the business and therefore also impact negatively on the value of the business and IPR.

A sale via a pre-pack administration offered the best means to preserve and maximise value.

Why was it not appropriate to trade the business during the administration in order to offer it for sale as a going concern?

The business was heavily loss making based on current trading. Management had not been able to find an equity investor who would support the business based on its current structure. The business needed to be pared down to the profitable stores. Even on a pared down basis trading would require additional funding in administration to deal with landlord arrears and other creditors. The business also trades seasonally and this is the weakest point of the season.

What requests were made to potential funders to fund working capital requirements during the administration?

Discussions were held with possible equity investors. In addition, the directors had spoken with two other banks to try and re-bank the business and neither were willing to do so.

What consultations were made with major creditors?

The company's main creditor is SA Realisations Limited - the sister company - representing 97% of creditors. Although no formal consultation took place, by virtue of the ongoing advice being given to the sister company, it is considered that the creditor was well aware of the situation and planned action.

What was the date of the transaction?

14 February 2011

What were the assets sold and what was the nature of the transaction?

Assets sold comprise of goodwill represented by the value of the international franchise agreements. Debtors are excluded from the sale.

What was the consideration for the sale, including payment terms, and other conditions of the contract that could materially affect the consideration?

The consideration for the sale of the Company assets was £20,000 and was paid on completion.

Is the sale part of a wider transaction? If so a description of the other aspects of the transaction

The Buyer also bought assets comprising IPR that belonged to another company and consideration of £100,000 was paid for this That sum does not, however, come to the Administrators of the companies

In addition the Buyer bought certain parts of the business and assets of sister company Shakeaway Limited for a sum of £255,000

Who was the purchaser?

SPN Acquisitions Limited

Is there a connection between the purchaser and the directors, shareholders or secured creditors of the Company?

This is a sale to an independent third party and the joint administrators are not aware of any connection between the purchaser and the directors, shareholders or secured creditors of the Company

Are any directors, or former directors, of the Company involved in the management or ownership of the purchaser, or of any other entity into which any of the assets have been transferred? If so, who are they?

The joint administrators are not aware of the directors, or former directors of the Company being involved in the management of the purchaser or any other entity into which the assets have been transferred

Had any directors of the Company given guarantees for amounts due from the Company to a prior financier? Is that financier financing the new business?

No

What options, buy-back arrangements or similar conditions are attached to the contract of sale?

None

7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment (as detailed in the statement of affairs) are as follows

Secured creditor

There is no secured creditor

Preferential creditor

There are no preferential creditors of the company

Unsecured creditors

Unsecured creditors were estimated at £103,247 97 which includes an amount of £100,593 97 owing to sister company Shakeaway Limited

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditor as follows

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows

- 50% of the first £10,000 of *net property*;
- 20% of *net property* thereafter;
- Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part of net property* if

- the *net property* is less than £10,000 and the administrator thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit, (Section 176A(3)) or
- the administrator applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5))

To the best of the administrators' knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors

Unsecured creditors

Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors

8. ADMINISTRATORS' PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above

For the reasons set out in our report, we presently consider that

For the reasons set out in our report, we presently consider that it is not reasonably practicable to achieve the objective specified in sub-paragraph 3(1)(a), and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(b), namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration)

The Company could not be rescued as a going concern, a number of its sister company's stores were loss making and the business needed to be pared down to the profitable stores. Management had not been able to find an equity investor who would support the business based on its current structure. Trading the business in administration would have required additional funding to deal with the landlord arrears and other creditors which was not available.

The impending insolvency of the sister company meant that the Administrator would have a claim against the company in respect of the inter-company balance of £103,247.97, which it was in no position to settle. The purchaser of the sister company's business was also expected to require the inclusion of the international business, as well as rights to IPR and branding as part of its purchase.

Without the ability to use the brand and the loss of the management and administrative support provided by the sister company, or its successor business, the company would not be able to trade, resulting in a total loss of value. The decision was therefore taken to include the company in the restructuring and sale.

We consider that this objective has already largely been achieved and that the purchase of the international franchise agreements, as an alternative to an immediate cessation of trade and liquidation of the Company has significantly enhanced the realisations.

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the Company's property, investigate and collect any book debts and complete our statutory obligations.

Exit from Administration

On present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 84 of Schedule B1 to the Act. Under these provisions, on the registration of a notice sent by us to the Registrar of Companies, our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the company.

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. Yet Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, the administrator's term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding six months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further six months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

If (whether or not an extension to the period of administration actually becomes necessary) it ultimately transpires that there are indeed surplus funds enabling a distribution to the unsecured creditors, then unless the court makes an order permitting such a distribution on our application, we will issue revised proposals for consideration by creditors dealing with the most appropriate exit strategy from the administration in those circumstances.

9. ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

Pre-administration costs

In the period before the Company entered administration, the administrators carried out work consisting of

Meetings with management, lawyers and a number of interested parties and prospective purchasers to ensure the purpose of the administration could be achieved and the Company be placed into administration -

- Trading on scenario and costs in administration with corresponding dangers and highlighting trading issues and pitfalls,
- Marketing of the business and assets,
- Dealing with IPR issues,
- Issues arising with licenses and franchise agreements,
- Correspondence with agents, directors and interested parties,
- Meetings with solicitors, dealing with interested parties and negotiating with same regarding trading and sale issues,
- Numerous conference calls with all parties, lengthy emails and briefings,
- Dealing with sale process and structuring sale agreement, competing offers, offer deadlines and extensions and the required briefings with stakeholders,

The Work was carried out pursuant to an agreement made between the administrators and the Company's directors, entered into on various dates in January and February 2011 ("the Agreement") The Agreement provides for payment of the administrators' fees and the discharge of expenses incurred by them ("the Pre-administration costs") in carrying out the Work

The Work was carried out before the Company entered administration because a sale of the business needed to be concluded quickly to preserve the value of the business Due to pressure from landlords for unpaid rent, it was not possible to trade the business in administration as significant funding would have been required, but was not available For these reasons the administrators consider that the Work has furthered the achievement of the objective of administration being pursued, namely realising property in order to make a distribution to one or more secured or preferential creditors

The Pre-administration costs are as follows

The administrators' fees are in the total sum of £5,897 50 plus VAT and expenses incurred are as follows

Description of Expense	Amount £
Legal fees	£2,000 plus disbursements of £59 10 plus VAT

The Pre-administration costs detailed above are unpaid The administrators are seeking that the costs be paid as an expense of the administration Pursuant to Rule 2 67A of the Insolvency Rules 1986, approval to pay such costs as an expense is required from the preferential and secured creditors In the absence of either a preferential or secured creditor, the administrators are seeking approval of the unsecured creditors Payment of the unpaid Pre-administration costs requires separate approval and is not part of the administrators' proposals subject to approval pursuant to Paragraph 53 of Schedule B1 to the Act

Administrators' Remuneration

The administrators propose that the basis of their remuneration be fixed under Rule 2.106 of the Rules by reference to the time properly given by them (as administrators) and the various grades of their staff calculated at the prevailing hourly rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration

These proposals contain a statement by the administrators, in accordance with paragraph 52(1)(b) of Schedule B1 to the Act, that they consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176A(2)(a) of the Act (the 'prescribed part' for unsecured creditors referred to at section 7). In these circumstances, it is usual for each secured creditor and the preferential creditors of the Company to determine the basis of the administrators' remuneration under Rule 2.106 of the Rules. In the absence of either a preferential or secured creditor, the administrators are seeking approval of the unsecured creditors.

Appendix 3 sets out the administrators' firm's hourly charge out rates and the time that they and their staff have spent in attending to matters arising in the administration since 14 February 2011.

Administrators' disbursements

The administrators propose that disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9) be charged in accordance with their firm's policy, details of which are set out at Appendix 3. These disbursements will be identified by the administrators and subject to the approval of those responsible for determining the basis of the administrators' remuneration.

10. OTHER INFORMATION TO ASSIST CREDITORS

Report on the conduct of directors

The administrators have a statutory duty to investigate the conduct of the directors and any person they consider to be or have been a shadow or de facto director during the period of three years before the date of their appointment, in relation to their management of the affairs of the Company and the causes of its failure. The administrators are obliged to submit confidential reports to the Department for Business, Innovation and Skills.

Creditors who wish to draw any matters to the attention of the administrators' should write to them at their address detailed at Section 3 of this report.

11. CONCLUSION

Pursuant to paragraph 58 of Schedule B1 to the Act, the administrators' proposals will be considered at an initial meeting of the Company's creditors conducted by means of a postal resolution in accordance with the Notice of conduct of business by correspondence (Form 2.25B) accompanying this document. Rule 2.48(7) provides that a creditor or creditors of the Company whose debts amount to at least 10% of the total debts of the Company, may requisition a meeting of creditors, rather than the meeting being conducted by correspondence. Any such requisition must be in the prescribed manner in accordance with Rule 2.37 and be made within 5 business days of the date on which the administrators' statement of proposals is sent out.

Subject to the approval of our proposals at the initial creditors' meeting, we will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.

J A Palmer
Joint Administrator

Date 10 March 2011



ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS

14 February 2011 to 10 March 2011

S of A £		£	£
	SECURED ASSETS		
20,000	Goodwill	<u>20,000</u>	20,000
	ASSET REALISATIONS		
Uncertain	Franchisee Book Debts	<u>NIL</u>	NIL
	UNSECURED CREDITORS		
(2,654)	Trade Creditors	NIL	
(100,594)	Intercompany debt	<u>NIL</u>	NIL
	DISTRIBUTIONS		
(2)	Ordinary Shareholders	<u>NIL</u>	NIL
(83,250)			<u>20,000</u>
	REPRESENTED BY		
	Bank 1 Current		<u>20,000</u>
			<u>20,000</u>

STATEMENT OF AFFAIRS AS AT 14 February 2011

	Book Value	Estimated to Realise	
	£	£	£
ASSETS			
Goodwill		20,000	
Surplus c/d		20,000	
		<u>20,000</u>	
Franchisee Book Debts	108,683		Uncertain
Surplus b/d			20,000
			<u>20,000</u>
LIABILITIES			
PREFERENTIAL CREDITORS -			
			NIL
			<u>20,000</u>
DEBTS SECURED BY FLOATING CHARGE PRE 15 SEPTEMBER 2003			
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS			
			NIL
			<u>20,000</u>
Estimated prescribed part of net property where applicable (to carry forward)			
			NIL
			<u>20,000</u>
DEBTS SECURED BY FLOATING CHARGE POST 15 SEPTEMBER 2003			
			NIL
			<u>20,000</u>
Estimated prescribed part of net property where applicable (brought down)			
			NIL
			<u>20,000</u>
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)			
Trade Creditors		2,654	
Intercompany debt		100,594	
			<u>103,248</u>
Estimated deficiency/surplus as regards non-preferential creditors			
(excluding any shortfall in respect of F C's post 14 September 2003)			
			(83,248)
			<u>(83,248)</u>
Issued and called up capital			
Ordinary Shareholders		2	
			<u>2</u>
TOTAL SURPLUS/(DEFICIENCY)			<u><u>(83,250)</u></u>

STATEMENT OF AFFAIRS

Notes to the Statement of Affairs

- 1 The sum of £108,683 is made up of outstanding management fees of £6,560 57, the administrator is at this stage uncertain what the balance relates to, but has been advised that is not outstanding book debts, and relates to pre-payments. This figure is being queried with the Company's accountant for clarification. The estimated to realise figure is uncertain.
- 2 Section 176A(2) of the Act requires the administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "Net property" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation). The prescribed part is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of £600,000).

The administrator will not be required to set aside the prescribed part of net property if

 - a The net property is less than £10,000 and he thinks that the cost of distributing the prescribed part would be disproportionate to the benefit,
 - b Or if the net property is more than £10,000, if the provision is disapplied by the court on the application of the administrator on cost-benefit grounds.
- 3 Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.
- 4 The estimated total deficiency, including the calculation of the prescribed part of the Company's net property, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.

ADMINISTRATORS' TIME COSTS AND EXPENSES

Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. In the absence of a creditors' committee, details of time incurred and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies.

Total time spent to 10 March 2011 on this assignment amounts to 24.20 hours at an average composite rate of £158.82 per hour resulting in total time costs to 10 March 2011 of £3843.50.

To assist creditors in determining this matter, the following further information on time costs and expenses are set out:

- Begbies Traynor (Central) LLP's policy for re-charging expenses
- Begbies Traynor (Central) LLP's charge-out rates
- Narrative summary of time costs incurred
- Table of time spent and charge-out value

In addition, a copy of *A Creditors' Guide to Administrators' Fees* is available on request. Alternatively, the guide can be downloaded from our website www.begbies-traynor.com via the "Corporate Recovery and Insolvency" link in the "Quick Links" box on the left hand side of the homepage. From there please follow the "Creditor" link which will take you to the appropriate page where the Guide can be found at the end.

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm and also where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval)

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 per meeting,
- Car mileage is charged at the rate of 40 pence per mile
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Salisbury/Portsmouth office as at the date of this report are as follows:

	Standard 1 July 2008 – until further notice Regional
Partner 1	395
Partner 2	350
Director	325
Senior Manager	295
Manager	250
Assistant Manager	195
Senior Administrator	160
Administrator	130
Trainee Administrator	100
Support	100

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in 6 minute units

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	SWL Realisations Limited (Formerly Shakeaway Worldwide Ltd)
CASE TYPE	ADMINISTRATION
OFFICE HOLDERS	Julie Anne Palmer AND Mark Robert Fry
DATE OF APPOINTMENT	14 February 2011

1 CASE OVERVIEW

- 1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case
- 1.2 **Complexity of the case**
This case is closely linked to Shakeaway Limited, which has been a very complex case due to the pre-packaged sale and dealing with the number of stores and associated problems - mainly landlord queries regarding the leasehold and rent
- 1.3 **Exceptional responsibilities**
If the transaction had not proceeded there was a very high chance that realisations would have been negligible
- 1.4 **The office holders' effectiveness**
We consider that the objective of the administration has already largely been achieved and that a purchase of the international franchise agreements, as an alternative to an immediate cessation of trade and liquidation of the Company has significantly enhanced the realisations
- 1.5 **Nature and value of property dealt with by the office holders**
The goodwill was sold for a sum of £20,000 as detailed in the body of the report
- 1.6 **Anticipated return to creditors**
It is estimated that funds will be insufficient to allow a distribution to unsecured creditors
- 1.7 **Time costs analysis**
An analysis of time costs incurred between 14 February 2011 and 10 March 2011 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only

1 8 The views of the creditors

Following our appointment and completion of the sale an initial letter detailing same was sent to all known creditors on 15 February 2011 in accordance with the provisions of SIP16

1 9 Approval of fees

No resolutions have yet been agreed it is intended to seek approval from the unsecured for the joint administrators' pre-appointment fees to be paid together with the joint administrators ongoing fees on a time cost basis

1 10 Approval of Expenses and Disbursements

The joint administrators propose that disbursements be charged in accordance with their firm's policy, details of which are set out at Appendix 3 It is intended to seek approval from the unsecured creditors for the joint administrators' pre-appointment expenses and disbursements to be paid together with the joint administrators ongoing expenses

1 11 Other professionals employed & their costs

Solicitors were chosen based on their expertise in the field and their presence on the bank's panel of professionals

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

2 1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 3

2 2 The rates charged by the various grades of staff who may work on a case are attached at Appendix 3

3 SUMMARY OF WORK CARRIED OUT SINCE APPOINTMENT

Since appointment, the following work has been carried out

- Liaising with the directors and completing statutory post sale tasks
- Reporting to creditors in accordance with current legislation
- Preparing the joint administrators' proposals for circulation
- Dealing with creditor queries, including landlords and agents

