[¶89-960] Statement of administrator's proposals — Form 2.21

Form 2.21

The Insolvency Act 1986

Statement of Administrator's Proposals

S.23(1)(a)

Pursuant to Section 23(1)(a) of the Insolvency Act 1986

To the Registrar of Companies

For official use

Company Number 392295

Name of Company

Insert full name of company: C. E. ICING LIMITED

Limited

I/We Robert. D. Hewitt Lynn Gibson

of Gibson Hewitt + Co

5 Park Court, Pyrford Road,

West Byfleet, Surrey, KT14 6SD

administrator(s) of the company attach a copy of my [our] proposals for achieving the purposes set out in the administration order filed herein. A copy of these proposals was sent to all known creditors on:

Insert date: 17/5/99

Signed _____ Dated 17/5/99

Presenter's name, address and reference (if any):

For Official Use
Insolvency Section Post Room

A25 *A4VK0GGP* 264
COMPANIES HOUSE 19/05/99

gibsonHewitt
chartered accountants
licensed insolvency practitioners

TO ALL KNOWN CREDITORS

PRIVATE & CONFIDENTIAL

12 May 1999
Our ref: RDH/RED/K023

Dear Sir/ Madam

C. E. King Limited (In Administration)

As you are aware I was, together with my partner Lynn Gibson appointed as Joint Administrator of the above named Company by the High Court on 22 March 1999.

I am under a duty to present my Statement of Proposals for achieving the purposes of the Administration Order in accordance with Section 23 of the Insolvency Act 1986. I therefore have pleasure in attaching the following documents:

1. My Report to Creditors, which encompasses my Proposals in Section 7.
2. A Notice convening a Meeting of Creditors for 4 June 1999 together with a map showing the venue of the location.
3. A schedule regarding remuneration structures.
4. A form of Proxy for your use, if this is applicable.

It is important to note that pursuant to Rule 2.22 of the Insolvency Rules 1986 that if you are attending the meeting or filing a proxy for use at the meeting **you will only be entitled to vote** if you have given to me not later than 12.00 noon on Thursday, 3rd June 1999, details in writing of the debt which you claim to be due to you as at 22 March 1999 and your form of Proxy is lodged with me by that date.

I hope to be able to advise the meeting of details of any offer accepted and an estimated of the projected return to creditors.

Yours faithfully
for and on behalf of
C. E. King Limited (In Administration)



Robert D Hewitt
Joint Administrator

partners **Lynn Gibson** BA (Econ) FCA MSPI IOD
Robert D Hewitt FCA MSPI
tel 01932 336149 **fax** 01932 336150
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5 park court pyrford road
west byfleet surrey KT14 6SD
authorised by the Institute of Chartered Accountants in England & Wales to carry on investment business

C E King Limited (in Administration)

Section 23 of the Insolvency Act 1986 - Report to Creditors Dated 14 May 1999

1. INTRODUCTION

The Joint Administrators were first consulted by the board of directors of C. E. King Limited ("the Company") on 3 March 1999 to carry out a review of the Company's position from an insolvency point of view.

The various forms of insolvency procedures available to limited companies were discussed and it was concluded that the Directors should petition for an Administration Order, which was presented to the High Court on 11 March 1999. On Monday 22 March 1999 an order appointing Robert David Hewitt and Lynn Gibson as Joint Administrators was made.

During the period for which the Administration Order is in force the affairs, business and property of the Company will be managed by the Joint Administrators for attainment of one of the following purposes:-

1.1 The survival of the Company or the whole or any part of its undertaking as a going concern;

1.2 the approval of a voluntary arrangement under Part 1 of the Insolvency Act 1986; or

1.3 a more advantageous realisation of the Company's assets than would be effected on a winding up.

2. HISTORY OF BUSINESS:

The Company was founded by Charles E King in 1945 as a small general manufacturing concern in London. In the 1950s, the Company began to focus on the design and production of machinery for the packaging industry.

The Company moved to its present location in Chertsey in the 1960s and it took a further site for manufacturing on the Causeway in Staines in the 1970s. At this time, the Company began to focus more on the design and manufacturing of liquid filling equipment. By the late 1980s, the Company was employing over 200 people.

The Staines site was sold during September 1998.

The Products: Until recently, the Company sold some 45 different ranges of packaging machinery of which only 9 (the "Core products") were subject to regular re-supply orders, the remaining items in the production range being individual and bespoke machinery. Since Christmas, the business has concentrated on the core products.

Over the last six months, the Company has implemented a programme of reviewing its manufacturing procedures with a view to introducing lean manufacturing in order to reduce batch sizes and enable lower stock holdings. This is beginning to bear fruit.

Although the Company has made significant profits in the past, it was suffering monthly losses of some £150,000 in the period since April 1998. Clearly, this level of loss was not sustainable without a radical assessment of the business' underlying viability.

During January 1999, the Company was subject to takeover negotiations with a Monaco-based company called Romaco S.A. ("Romaco"). These discussions subsequently foundered as a direct result of the assessment by Romaco that the Company was over-staffed and that, other than the core business, the making of bespoke machinery for customers could not be justified in profit terms.

At the same time, the Company's bankers, Midland Bank plc, requested that Arthur Andersens prepare an independent report on the Company and the business. Following their report, the Company's trading facilities were fixed at £200,000 for a short while until the end of May 1999.

All these difficulties were exacerbated by a weak management accounting and information system – especially in the areas of operational stock control and WIP valuation.

3. STATUTORY & OTHER INFORMATION

C E King Limited is the main operating company, which also wholly owns a dormant company - R E King Limited.

In addition, there was an associated company – Kingbonus Limited – acquired through a family trust in the late 1970s – which acted as a subcontractor to the main business. At the date of the Administration Order, Kingbonus Limited was owed some £197,000 by C E King Limited and has subsequently been placed into Liquidation.

3.1 Shareholders & Officers of the Company

We set out in Appendix 1, a summary of the statutory information concerning directors and shareholders of C E King Limited.

The Company has had 3 Managing Directors in a period of some 24 months of whom the latest was suspended from office in January 1999.

3.2 Security Given

The Company granted fixed and floating charges on 20 February 1969, 10 August 1970 and 18 June 1976, in favour of Midland Bank Plc including a mortgage over the Company's freehold property. At the date of the Administration Order there was no direct indebtedness, although some guarantees in relation to the performance of existing contractual obligations in foreign jurisdictions remained in existence.

The Company also granted security over its freehold property to Mr. R E King and the Trustees of a family settlement (who are also shareholders) who provided the Company with a loan of £200,000 on 28 January 1999 conditional on the grant of a second fixed charge. This represented new monies advanced to the Company and the resultant charge was registered at Companies House on 1 March 1999.

3.3 Past Results

We attach as Appendix 2, a schedule showing the Company's last 4 years trading history.

4. CURRENT POSITION

4.1 General Strategy

The Joint Administrators' initial strategy was to ensure the continuation of the Company's core business as a going concern. The largest asset in the Company's books was stocks and WIP; cessation of trading would not have allowed these asset recoveries to be maximised. In addition the Company had, at the date of the Administration, received £298,000 in relation to customer advance payments against orders in hand. By continuing to trade, the Joint Administrators have ensured that potential claims from this source have been significantly reduced.

Whilst undertaking our initial review, it became apparent that the business had strengths which would make it attractive to potential purchasers. As the Company's senior management had been significantly reduced prior to our appointment, it seemed most likely that the business would need to be sold and new management disciplines introduced if its long term survival was to be ensured. Accordingly, we have also marketed the business for sale.

In view of the past losses, which were in some measure attributable to the project or special side of the business, we have declined to engage in this work without ensuring that it was commercially sensible to do so.

4.2 Actions taken by Administrators

4.2.1 Staff reductions: Some 42 staff have been made redundant from the initial headcount of 107.

4.2.2 **The business has been advertised for sale:** Some 75 Information Memoranda have been circulated following direct approaches and the placement of an advert in the Financial Times on 30 March 1999. To date eight offers have been received.

4.2.3 **Trade Suppliers:** Arrangements have been made with trade suppliers for the future supply of parts needed in the company's manufacturing process. A significant proportion are now allowing the Joint Administrators limited credit terms.

4.2.4 **Sales Initiatives:** A range of sale initiatives have been implemented. Sales agents have all been contacted and encouraged to continue selling the company products. Potential customers have been visited in Europe and in North America. Some business adverts have been placed to heighten the profile of the business in this difficult time and steps taken to be represented at the recent Interpak show in Dusseldorf.

In the period since the Administration Order to end of April, orders totaling £450,000 have been placed on the business for the "core product range". This brings the current order book to slightly more than £1 m;

4.2.5 **Funding:** An overdraft facility has been agreed with National Westminster Bank. In additions, loans from King family members and company agents totaling £190,000 have been obtained. In each case these loans are to be secured on the Company's freehold property.

4.2.6 **Valuers:** Agents have been instructed to advise the Joint Administrators on the current values attributable to the freehold property and plant & machinery.

4.2.7 **Pensions:** An independent Pension Trustee has been appointed to the Company's Retirement and Death Benefits Plan, which is a final salary pension scheme. This scheme was showing a deficit of between £800 - £900,000 according to a recent actuarial valuation dated 4 March 1999.

The scheme had been closed in 1997 and a new money purchase pension scheme implemented. Unfortunately, the old scheme was run as a closed scheme but with the full benefits and obligations still accruing against the Company. We currently await information from the newly appointed Trustee on the present situation.

4.3 Kodak

In August 1998, the Company secured a large special project contract with Kodak to install a filling line in China worth some £1,005,000. Most of the value to the Company arose out of bought in machinery and sub assemblies.

At the date of the Administration Order, it was thought that the contract was profitable and that it was an important one for the Company. It soon became apparent that the facts, which supported these assumptions, were not correct.

The Contract had been dogged by problems prior to our appointment but a large stage payment had been made by the customer's parent company some weeks before the Administration Order, bringing the contract receipts to some £530,000.

However, it became clear after the Administration Order that further monies would be needed in order to pay suppliers who were refusing to deliver product or exercising apparently valid Retention of Title claims over stock held by the Company. In light of this we assessed the cost to complete the contract at some £747,000 indicating that it would cost some £272,000 more to complete that we could expect to recover irrespective of the problems involved in managing a long term supply contract.

Accordingly, negotiations began through Kodak's appointed Project Managers and a formal proposal was made by the Joint Administrators to complete the work on 8 April 1999. Instead of seeking to negotiate these terms Kodak, corresponding through their solicitors, indicated that they did not wish to pay more than the original contract sum and secondly any further funding support should be secured on the Company's freehold property. The Joint Administrators were unwilling to concede this completely, as it was believed that further dilution of the equity in the freehold for a contract with, at best, a marginal profit element would not assist in achieving the Administrators' objectives or be in the best interests of the creditors.

The Administrators reported back to Court to show that the terms of the Administration Order were still appropriate notwithstanding an earlier assertion that the Kodak contract was important for the company's future. The Court in a hearing on 28/29 April determined that the Joint Administrators' conduct had been reasonable and agreed that the Administration should continue. However, the Joint Administrators were directed to reconsider the position with regard to the contract between the Company and Kodak, including where appropriate the obtaining of legal advice as to the legal implications of completing or otherwise the contract. This would include advice on the level of damages which might be determined should the contract not be completed by the company.

The contract indicates that the Company's liability is limited to £1,090,000. The Joint Administrators have taken Counsel's advice on their understanding that Kodak are under an obligation to act reasonably in mitigating any losses which it might incur as a result of the Company's failure to complete the Contract. Furthermore, they consider that the loss which Kodak would have measured had it agreed to the Administrators' proposals should be the measure of the claim. The Joint Administrators assess this at some £228,500. On balance, Counsel's view is that the Administrator's approach is correct although given the inherent risks of litigation the Joint Administrators continued their dialogue with Kodak.

However, on 10 May the Joint Administrators were advised that Kodak have now exercised their rights to terminate the contract due to the Insolvency of the Company.

It is worth noting that none of the potential acquirers of the business would have wished to continue this contract and that some Retention of Title creditors, whose claims have been agreed, have now repossessed the goods supplied in relation to this contract.

4.4 Receipts and Payments Account and trading position to 30 April 1999

We attach as Appendix 3, our receipts and payments account for the period ended 30 April 1999.

The current order book stands at £1,050,000.

The first two weeks of the Administration were slow and little production left the factory whilst new procedures were implemented. Thus the estimated trading account represents some five weeks costs against three weeks sales. Inevitably, the Joint Administrators are reducing stocks, which have been recovered and refurbished.

The estimate for May is for sales of £900,000 generating a profit. A fuller report on the trading position will be presented to the forthcoming creditors meeting.

4.5 Sale of Business

As noted above eight offers have been received for the business of which four have, so far, been eliminated or withdrawn. At the time of writing we are supplying further information to the remaining potential acquirers to enable them to firm up on the figures offered.

It is most likely that the core business will be retained in tact but that the new owner will wish to move the business from the Chertsey freehold site. In which case, the property will be fully marketed shortly.

Any sale will require creditor consent of the Administrators' proposals – or failing that the consent of the Court. Accordingly, the likely timetable for the sale is that completion will take place early in June after appropriate consultations with the creditors or a creditors committee.

5. STATEMENT OF AFFAIRS

The Directors have prepared and delivered a sworn Statement of Affairs as at 22 March 1999 which we annex as Appendix 4. We would make the following comments thereon:-

5.1 **Property:** The property has been revalued by the Directors from its book value of £238,000 to £800,000. The advice from our property valuers is that even this higher figure seriously understates its present value.

In view of the valuation received, it would appear unlikely that the property will sell with the underlying business unless the purchaser is prepared to move other businesses onto the site in order to justify its likely cost.

5.2 **Secured Claims:**

5.2.1 Midland Bank: The liability is shown at £91,000 being the cash presently held by the Bank in relation to guarantees. We expect that these liabilities will be virtually extinguished by the Administration trading and thereby release this sum to the creditors. Accordingly, the Directors have also included this sum in the Cash at Bank recovery.

5.2.2 Shareholder loans: this amount represents the sum advanced to the Company in February 1999, as temporary finance. This is secured on the Company's freehold property.

5.3 Trade Debtors

The Directors have made certain provisions against the book value of debtors with a gross book value of £1.35 million. These include a provision of £360,000 and a general provision of 15% as well as offsetting sales agents' commissions of £176,000.

The Joint Administrators would expect to make a better recovery than shown by the Directors due to the Joint Administrators' maintaining the service and warranty aspect of the business. Our latest estimate is that the Debtors should recover in excess of some £800,000 net.

5.4 Plant, Machinery, Motors & Equipment

We understand that these assets are included at valuation. As can be seen from the Statement of Affairs, the Plant and Machinery is subject to a high level of lease and HP debt – mainly in the Machine shop, which may not be sold as part of the business.

5.5 Stock & Work in Progress ("WIP")

The stock and WIP have been re-stated for the purposes of the Directors' Statement of Affairs. The last management accounts (January 1999) indicated stock and WIP of approximately £5 m. This was considered an unrealistic figure and was largely as a result of the accounting department not correctly removing long term project stock and operating stock from WIP.

Accordingly, the sums shown by the Directors - book value of £1.9 million and with an estimated value of £690,000 - appears more reasonable. However, as the Joint Administrators have continued to trade, we would expect that gross recoveries from this asset category to be in excess of the values shown before allowing for potential ROT and other distress settlements.

5.6 Cash at Bank

The cash at bank comprises sums held at Midland Bank (£202,000) and sums held at the Bank of Mississippi ($100,000). In addition, the Directors have added back the sums retained by Midland pending the release of guarantees.

5.7 Preferential Claims

The returns have now been finalised and submitted to the appropriate statutory authorities and subject to being checked, we would expect these sums to be substantially accurate.

The pension sums shown represent the employee's contributions under the Company pension scheme – the employer's contributions are shown as an unsecured claim. However, we consider that the Redundancy office will settle these claims in the first instance.

5.8 Pension Scheme Shortfall:

A recent actuarial valuation showed a deficit of between £800,000 to £900,000, which the Directors consider to be overstated. Accordingly, they have used the lower figure of £800,000.

5.9 Trade Creditors:

These are shown at some £1.5 million and should reduce as ROT settlements and claims are effected; in addition the total claims may reduce as Suppliers of goods on the Kodak contract find alternative buyers for the products. However, no provision has been made for Kodak's potential claims, discussed above.

A list of the major creditors is included at Appendix 5. The directors have double counted the claim from Kingbonus of £224,000.

6. OUTLINE OF JOINT ADMINISTRATORS' PROPOSALS

Essentially, the proposals set out below are that the Joint Administrators continue to trade the business whilst finalising the completion of an offer for the business. To assist the Joint Administrators in this process and discussion of the most appropriate exit route, it would be helpful and appropriate for a Creditors committee to be constituted, as soon as possible.

A common exit route from an Administration is compulsory liquidation invoked by the Administrators seeking an Order of the Court. On a compulsory liquidation, receipts are subject to statutory charges chargeable on all funds held; these could amount to very significant sums. To obviate these costs, consideration will need to be given to the alternatives of a Voluntary Liquidation (following a future creditors meeting) or a Company Voluntary Arrangement.

7. THE PROPOSALS

In accordance with section 23 of the Insolvency Act 1986. The Joint Administrators of the Company make the following proposals for achieving the purposes of the Administration Order dated 22 March 1999 to the creditors of the company for consideration and, if thought fit, approval at the meeting of the creditors of the Company to be held on 4 June 1999.

The Joint Administrators propose that: -

7.1 they continue to manage the business affairs and the property of the Company in order to achieve the purposes for which the Administration Order was made;

7.2 they take any action they consider expedient with a view to achieving the survival of the Company, and the whole or any part of its undertaking, as a going concern and in particular that:-

7.2.1 they change and recruit in such manner as they consider expedient persons as employees and officers of the Company as may be necessary to improve the management of the Company;

7.2.2 they retain, reorganise or dispose of the Company's ownership of its subsidiary company or other assets or business or businesses as they consider expedient. In the case of any disposal at such time and on such terms as they consider expedient;

7.2.3 they do all such things as they may consider expedient with a view to enhancing the value of the Company's assets;

7.2.4 they restructure the capital of, arrange for the Company to make loans to or otherwise refinance the Company's subsidiary as they may consider expedient;

7.2.5 in pursuance of the sale of the whole or part of the business and the assets of the company as a going concern, the Joint Administrators shall have authority under Schedule 1 of the Insolvency Act 1986 to hive down some part or the whole of the business and undertaking or the company to facilitate the protection of the tax losses;

7.2.6 they investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of the company or any person, firm or company which supplies or has supplied goods or services to the company:

7.3 they take any action they consider expedient with a view to the approval a Company Voluntary Arrangement under Part 1 of the Insolvency Act 1986;

7.4 they take any action they consider expedient with a view to a more advantageous realisation of the company's assets than would be effected on a winding-up and in particular that:-

7.4.1 they do all such things they may consider expedient with a view to enhancing the value of the company's assets prior to realisation;

7.4.2 they investigate and, if appropriate, pursue any claims that the company may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of the company or any person, firm or company which supplies or has supplied goods or services to the company;

7.5 the creditors should consider establishing and, if thought fit, establish a Creditor's Committee to exercise the functions conferred on it by or under the Insolvency Act 1986 including the consideration and agreement of the Joint Administrators' remuneration and including but without limitation the functions set out in Rule 2.47 of the Insolvency Rules 1986;

7.6 if no Creditors Committee is elected or the Committee does not make the requisite determination under Rule 2.47, they be authorised to draw remuneration by reference to the time properly given by the Joint Administrators and their staff attending to matters arising in the Administration;

7.7 they continue to employ valuers, solicitors and any other professional advisers or agents whom they deem necessary to assist in the performance of their duties;

7.8 they consult with the Creditors Committee, if formed, at appropriate intervals concerning the conduct of the Administration and the implementation and development of these proposals and, where they consider it expedient, obtain the sanction of that committee on behalf of the creditors of the Company (and without further reference to them) to any proposed action on the part of the Joint Administrators;

7.9 in addition, they do all such other things and generally exercise all their power as Joint Administrators as they in their discretion consider desirable or expedient in order to achieve the purposes of the administration order or protect and preserve the assets, of the company or maximise realisations of those assets, or for any other purpose incidental to those proposals.

8. CREDITORS MEETING

In order to consider this report and to approve the Joint Administrators' proposals a Meeting of Creditors has been convened for 10:30am on 4th June 1999 to be held at the Runnymede Hotel, Egham.

9. SHAREHOLDERS MEETING

A General Meeting of the Company has been convened for 10:15am on 4th June 1999 to be held at the Runnymede Hotel, Egham.

R D Hewitt
Joint Administrator
C E King Limited (in Administration)

14 May, 1999

C E King Limited (in Administration)

Statutory Information

Shareholders:

	No:
Robert Edward Stanley King	15,100
Philip Sober & Ralph Skinner (Trustees)	490
Frederick William Nicholls	4,025
Kathleen Mary Barker	2.025
Mary Patricia King	10
R E F Salmon & A F Hatt (Trustees)	36,080
3i plc	45,150
Montague Nominees (Jersey) Limited	144,000
	246,880

The various trust noted above have King family as the beneficiaries.

Mr Salmon is a partner in the firm of Derek Webster, the company's auditors.

Directors as at the date of the Administration Order:

Executive:	Andrew William Mackie	
	Catherine McGuire	
	Michael Wakefield	(also Company Secretary)
	Dr Stanley Kulik	(Suspended from office in early January 1999)
Non Executives:	Anthony Faun Hatt	
	Philip Alexander King	
	Christopher John Marks	
	Robert Edward Stanley King	

Since the Administration Order, Mr Wakefield has been made redundant and has since resigned as a Director. Messrs Phillip King and Anthony Hatt have also resigned and Dr Kulik has been removed from office.

Registered Office:

The Registered office of the Company was at 41 London Street, Chertsey but has been changed to 5 Park Court, Pyrford Road, West Byfleet, Surrey with effect from 11 May 1999.

Accounting Reference Date: March

C E KING LIMITED

Summary of Previous Five Years' Results

Profit & Loss Accounts Years Ended 31 March

	10 Months to 31st January 1999 £000	Draft 1998 £000	Audited 1997 £000	Audited 1996 £000	Audited 1995 £000
Sales					
Home	1,473	2,574	2,399	5,288	2,108
Export	3,751	9,708	7,504	7,153	8.035
	5,224	12,282	9,903	12,441	10,143
Agents' commission	503	1.018	988	1,037	1,194
Net Sales	4,721	11.264	8,915	11,404	8,949
Direct Manufacturing Costs					
Opening Stock	4,661	4,771	3,400	3,925	3,029
Materials	3,075	5,979	5,455	6,020	4,723
Direct Costs	1,675	2,276	1,995	3,242	2,641
Closing Stock	- 5,579	- 4,426	- 4,771	- 3,400	- 3,925
	3,832	8,600	6,079	9,787	6,468
Gross profit	889	2,664	2.836	1,617	2,481
Percentage	17%	22%	29%	13%	24%
Overheads	2,153	3,049	2,559	2,814	2,146
Net Profit before tax	- 1,264	- 385	277	- 1.197	335

Appendix 3

C. E. KING LIMITED (IN ADMINISTRATION)
JOINT ADMINISTRATORS RECEIPTS AND PAYMENTS ACCOUNTFOR THE PERIOD 22 MARCH 1999 (DATE OF APPOINTMENT) TO 30 APRIL 1999

RECEIPTS	£	£
Cash taken over	202,838.76	
Cash at Bank - USA	62,068.04	
		264,906.80
Cartel Loan		190,378.23
Sales		261,908.86
Book debts		179,848.28
Bank Interest		348.06
Sundry Receipts		-
		897,390.23
PAYMENTS		
Purchases		261,293.41
Wages/ Salaries		137,564.00
Pension/ HSA contributions		9,043.21
Psotage, Stationary etc		4,741.63
Petty Cash		4,123.01
Specfic Bond		1,300.00
Statutory Advertising		148.63
Agents' fees		1,500.00
Solicitor's fees		14,153.72
Administration Order costs		8,000.00
Joint Administrators' Expenses		9,307.43
Joint Administrators' Fees		-
VAT Suffered		5,768.20
Bank Charges		926.80
		457,870.04
Balance in Hand		439,520.19

Balance made up as follows:

Natwest	361,479.85
Bank of Mississippi	62,068.04
Natwest US$	15,972.30
	439,520.19

The cash at bank figure does not include the funds of £91,000.15 held by Midland Bank

C E KING LIMITED (In Administration)

Directors Estimated Statement of Affairs
As at 22 March 1999

		£000	Adjusted Book Value £000	£000	Estimated to realise £000
Assets Subject to Prior Charges:					
Freehold property:			800		800
Less:	Midland Bank plc	91			
	Shareholder loan	200	291		291
			509		509
Trade Debtors			1,358		892
Intellectual Property			uncertain		uncertain
Leased Plant & Equipment		41			
less leasing obligations		(290)			
	Shortfall	(249)	nil		nil
Motor cars		28		30	
less leasing obligations		(26)	3	(26)	4
			1,870		1,405
Assets not Specifically Pledged:					
Plant & Machinery			111		50
Motor Vehicles			10		16
Office equipment 7 Furniture			67		11
Stocks & WIP			1,929		690
Consignment Stocks			412		106
Cash at Bank			358		358
VAT Refunds			196		n/a
Assets available for Preferential Claims			4,953		2,636
Less preferential Claims:					
Inland Revenue : PAYE/NI				166	
VAT offered for Crown offset				(196)	
Employee claims: Arrears of pay & holiday pay				44	
Pension contributions				14	
					28
Available for unsecured creditors, before Costs					2,608
Trade creditors				1,541	
Employee claims				253	
Pension contributions				29	
Shortfall on final salary pension scheme				800	
Kingbonus Limited				194	
Credit balances on sales ledger / due to agents				212	
Motor vehicle leasing agreement				88	
Shortfall on HP/Leasing agreements				290	
					3,407
Shortfall as regards Unsecured creditors					(799)
Share Capital					301
Estimated Deficiency as regards Shareholders					(1,100)

Trade Creditor claims in excess of £2,500 **Information from the Directors Statement of Affairs**	£
Active Electronics Plc	14,014.69
Acton Bright Steel Ltd	2,864.68
Alfa Laval Ltd	10,230.94
Allen Coding Systems Ltd	5,326.42
Argus Alarms Ltd	2,860.48
Bennett & Fountain Limited	2,740.25
Brown Pestell Ltd	17,338.11
Budget Rent A car	4,873.89
Butler Service Group (UK) ITD	21,349.75
C J Controls Ltd	3,965.93
Camed Limited	10,546.79
Central Cleaning Limited	4,043.32
CMA Polishing Limited	5,663.48
Concorde Tool & Gauge Co	6,321.11
Controls Devices & Systems Ltd	5,345.20
Cromwell Tools	3,236.82
Davis Pneumatic Systems Limited	5,735.61
Derek Webster & Co	2,731.81
Design Facilities	13,687.80
DHL International (UK) ITD	3,592.15
Don Ruffell Services Ltd	19,062.36
Drey Precision Limited	2.523.31
Durbin Engineers Limited	23,091.48
EEF South	4,212.12
Eldon Electrical Ltd	4,956.95
Electro Mechanical Engineers Limited	30,156.37
Endoline Machinery Limited	7,020.63
Endress And Hauser Limited	27,511.22
Essex Goodman Suggit	6,854.15
Fastner Stock Ltd	3,513.91
Flex Rite Hose & Couplings Ltd	3,410.91
Fluid Equipment (Adelphi) Ltd	1,499.57
Geedev Ltd	47,730.33
Goddard Associates	7,637.37
Godiva Bearings (southern) Ltd	47,671.62
Great Fosters	2,898.15
H D P Consultant Engineers	4.220.30
Hales Waste Control LTD	3,485.66
Helbar Automation	29,375.00
Hepco Slide Systems Ltd	3,737.21
HSS Hire Group Ltd	2.900.50
HT Electrical Limited	14,530.60
Huco Engineering Components	7,581.63
Hurstleghe Properties	3,525.00
Ikon Capital Plc	6,311.02
Ikon Office Soloutions Plc	4,757.79
IMI Norgren Limited	3,063.64
Impact Finishers Ltd	3,937.75
Integrated Electronics Ltd	12,859.66
Jackson Plating	5,418.88
Jaroken Ltd	2,627.31
Kensal Limited	2,754.01
Kingbonus Ltd	224,156.46
Laurence Scott & Electromotors Ltd	5,576.58
Markpoint UK Ltd	2,879.24

Memtech (uk) Limited	3,957.91
MHV Products Ltd	5,190.77
Midax Engineering Ltd	5,494.90
Oadby Plastics Ltd	4,497.19
Omega Design Corporation	9,012.34
Omron Electronics Limited	32,342.21
Online Conveyors Limited	33,469.88
Oskar Lapp Ltd	3,946.90
Parmley Graham	22,392.53
Parvalux Electric Motors	6,040.84
Perplas Limited	11,252.60
Pheonix Obsidian	3,519.13
Pioneer Technical Services	6,227.50
Polycast Ltd	3,754.36
PPMA Ltd	3,301.05
QED Industrial Controls Ltd	3,468.97
R & D Systems	2,643.75
R F Bridge Engineering Services	4,579.87
R S Components Ltd	6,006.36
Ram Universal	25,668.04
Rehfuss Drives Ltd	4,259.32
Rilton Electronics Ltd	2,858.34
RNA Automation Ltd	28,931.53
Rockwell Automation Limited	9,325.10
Roger Tarry	12,977.39
Routeco Plc	66,795.56
Royal Mail Parcelforce	4,260.69
Saint Engineering Ltd	16,880.60
Schenkers Ltd	5,626.83
Schrader Bellows Ltd	5,319.83
Sedgwick Financial Services Limited	7,483.90
Sig Pack Ltd	23,510.52
Simkins Engineering Co	13,462.14
Simplatroll Ltd	3,567.76
Skala Recruitment	3,569.10
SMC Pneumatics (uk) Ltd	24,397.95
Sonoco Machine Division	60,630.00
Steve Woolven Associates	14,250.98
STS Electric Motors Ltd	3,192.23
Symphony Telecom Solutions Limited	3,267.07
Technical Export Services Limited	10,756.71
Temps Direct	3,606.09
The Diners Club Ltd	20,610.93
Transaction Cooperative Limited	7,263.94
Trumpf Limited	6,032.75
Urry Precision Engineering	26,569.16
Videmech A.P.S	8,530.01
W M T Logic	3,936.25
Waterjet Profiles Ltd	5,405.79
Youelline Design Services	7,923.03
Zepf Technologies Inc	19,165.43
	1,361,051.95
310 Other trade creditors of less than £2,500	180,360.97
Total shown on Statement of Affairs	1,541,412.92

IN THE MATTER OF THE INSOLVENCY ACT 1986
AND IN THE MATTER OF

C E KING LIMITED (IN ADMINISTRATION)

Registered Office:- **5 Park Court, Pyrford Road, West Byfleet, Surrey KT14 5SD**

Trading Address: **41 London Street, Chertsey, Surrey, KT16 8AR**

NOTICE IS HEREBY GIVEN pursuant to Section 23 of the Insolvency Act 1986, that a meeting of Creditors of the above named Company will be held at the Runnymede Hotel, Egham on 4 June 1999 at 10.30 am for the purpose of considering the Joint Administrators proposals and, if fit, considering the approval of the following resolutions:

1 That the Joint Administrators proposals set out at section 7 of their Report dated 14 May, 1999 be approved.

2 That a creditors committee be formed to assist the Joint Administrators.

Creditors wishing to vote at the meeting (unless attending in person) must lodge a proxy at 5 Park Court, Pyrford Road, West Byfleet, Surrey KT14 6SD no later than noon on 3 June 1999. A form of proxy is enclosed.

A list of names and addresses of the Company's creditors may be inspected free of charge at Gibson Hewitt & Co, 5 Park Court, Pyrford Road, West Byfleet Surrey KT14 6SD between 10 am and 5 pm during the two days next before the meeting.

Unless there are exceptional circumstances a creditor will not be entitled to vote unless his proof has been lodged and admitted for voting purposes. A proof must be lodged by submitting a written statement of claim clearly setting out the name and address of the creditor and the amount claimed.

Dated this 14 day of May 1999

R D Hewitt
Joint Administrator

Runnymede Hotel & Spa

★ ★ ★ ★

THE BEST RIVERSIDE ADDRESS IN THE THAMES VALLEY
Windsor Road, Egham, Surrey, TW20 0AG. Tel 01784 436171 Fax 01784 436340

FACSIMILIE TRANSMISSION

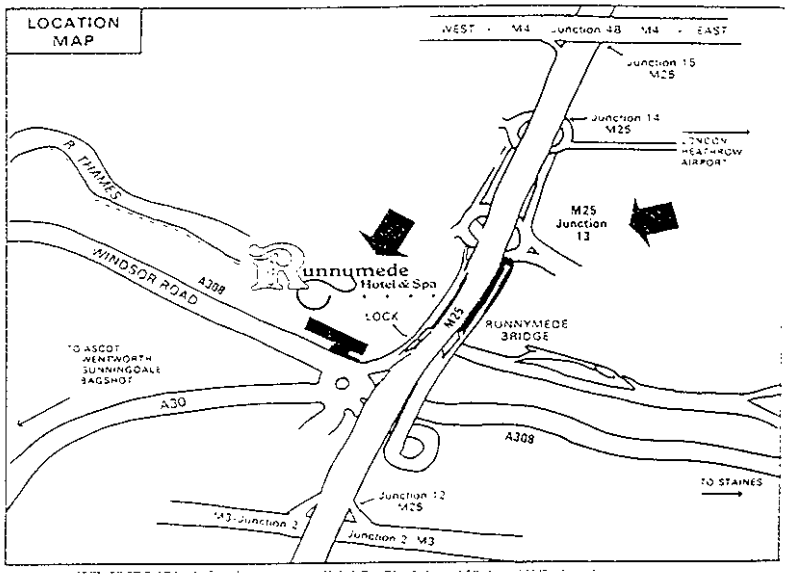
TO: _____

COMPANY: _____

FAX NO: _____

FROM: _____

DATE: _____



HOW TO GET TO THE HOTEL

Location:
The Runnymede Hotel is situated on the main A308 between Windsor & Staines and opposite the Historic Runnymede Meadows.

Car:
M25 – Junction 13 following signs to A308 to Egham/Windsor.
A4 - from London towards Staines. A4 joins with A30 towards Windsor A308.
M4 - to Junction 4B (M24 turnoff) going West to Junction 13 then follow signs to A308 Egham/Windsor.

Heathrow Airport:
Situated 20 minutes from the centre of Heathrow Airport, the Runnymede Hotel will arrange to meet guests at the arrival gates (nominal charge).
By Car: Follow signs to M25 (West) to Junction 13.

Gatwick Airport:
Situated 1 hour from the centre of Gatwick Airport, the Runnymede Hotel will arrange to meet guests at the arrival gates (nominal charge)
By Car: Follow signs to M25 (East) to Junction 13.

Helicopter:
The Hotel has an official Helipad. Please contact the Runnymede Hotel to arrange.

http://www.runnymedehotel.com
Email info@runnymedehotel.com

Represented by SRS STEIGENBERGER RESERVATION SERVICE
Registered Office: Ralph Trustees Ltd., Harvester House, 37 Peter Street, Manchester M2 5QD. Registered in England under No. 872008

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

ENGLAND AND WALES

1 Introduction

1.1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

2 The nature of administration

2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court in order to achieve one or more of the following statutory purposes:

- the survival of the company and its business in whole or in part;
- the approval of a company voluntary arrangement;
- the sanctioning of a scheme under section 425 of the Companies Act 1985;
- a better realisation of assets than would be possible in a liquidation.

Administration may be followed by a company voluntary arrangement or liquidation.

3 The Creditors' Committee

3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is established at the meeting of creditors which the administrator is required to hold within 3 months of the administration order to consider his proposals. The administrator must call the first meeting of the committee within 3 months of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide such information as it may require.

4 Fixing the administrator's fees

4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.47 of the Insolvency Rules 1986, which states that it shall be fixed either:

- as a percentage of the value of the property which the administrator has to deal with, or
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration.

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is fixed as a percentage, to fix the percentage to be applied. Rule 2.47 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case;
- any responsibility of an exceptional kind or degree which falls on the administrator;
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the property which the administrator has to deal with.

4.2 If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee would. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator.

5 What information should be provided by the Administrator?

5.1 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The administrator should always make available an up to date receipts and payments account. Where the fee is to be charged on a time basis the administrator should be prepared to disclose the amount of time spent on the case and the charge-out value of the time spent, together with such additional information as may reasonably be required having regard to the size and complexity of the case. Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be contracted out which would normally be undertaken directly by an administrator or his staff.

5.2 The payment of expenses and disbursements is not subject to approval by the committee or the creditors. However, where an administrator makes, or proposes to make, a separate charge by way of expenses and disbursements to recover the cost of facilities provided by his own firm, he should disclose those charges to the committee or the creditors when seeking approval of his fees, together with an explanation of how those charges are made up and the basis on which they are arrived at.

6 What if a Creditor is Dissatisfied?

6.1 If a creditor believes that the administrator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the court orders otherwise, the costs must be paid by the applicant and not as an expense of the administration.

7 What if the Administrator is Dissatisfied?

7.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient, he may apply to the court for it to be increased. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

8 Other matters relating to fees

8.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors. If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

Rule 8.2 **INSOLVENCY ACT 1986**

C E KING LIMITED (In Administration)

Proxy for use at the MEMBERS' or CREDITORS MEETING of the Company called under Section 23 of the Insolvency Act 1986

Notes to help completion of this proxy Please give full name and address for communication	**Name of Creditor/ Member:**_____ **Address:**_____ _____ _____
Please insert name of person (who must be 18 or over) or the "**Chairman** of the meeting" (see note below) 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.	**Name of proxy holder:** 1_____ _____ 2_____ _____ 3_____ _____
	I/ We appoint the above person to be my proxy holder at the meeting of creditors or members to be held on 4th June 1999, or at any adjournment thereof. 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).

RESOLUTIONS: **(Note; the meeting is able to consider amendments, if appropriate to the Proposals)**

1	That the Joint Administrators proposals set out at section 7 of their Report dated 14 May, 1999 be approved	For / Against
2	That a creditors committee be formed to assist the Joint Administrators comprising between 3 and 5 creditors.	For / Against

Signed: **Dated:**

NAME IN CAPITAL LETTERS_____

POSITION with creditor or relationship with creditor or other authority to sign

IMPORTANT NOTICE : PROXIES

You may appoint some-one else (your proxy holder) to attend, speak and vote for you at the creditors meeting.

A member will be entitled to vote at the meeting or adjourned meeting only if details of the debt claimed to be due from the Company have been lodged in the same manner as for a proxy, and the claim has been admitted in accordance with the Insolvency Rules 1986.

A company may vote either through a representative producing a certified copy of a Board resolution appointing him or by proxy.