

To all Creditors

16 November 2012

Ref: CR/SJW/TV/EG/NWM1137

Direct line: 0161 333 2566

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Dear Sir

**Independent Service (Domestic Appliances) Limited (in Administration)
(‘the Company’)**

I write further to the appointment of Jonathan Peter Sumpton, Thomas Andrew Jack and I as Joint Administrators of the Company on 26 September 2012.

The Joint Administrators will shortly be issuing their proposals to creditors in accordance with paragraph 49 of Schedule B1 to the Insolvency Act 1986.

In accordance with Section 246B of the Insolvency Act 1986 and Rule 12A.12 of the Insolvency Rules 1986 the Joint Administrators hereby give notice that their proposals are available for viewing and downloading via the website www.higroupadministration.co.uk with effect from 19 November 2012.

Creditors may also request a hard copy of the proposals free of charge by contacting the Joint Administrators at the postal address, email address or telephone number set out in the letterhead.

A Meeting of Creditors will be held on 4 December 2012 to consider and vote on the following matters:

1. The approval of the Joint Administrators’ proposals.
2. The formation of a creditors’ committee. To be validly constituted, a creditors’ committee must have at least three and not more than five members.
3. In the event that a creditors’ committee is not formed, to fix the basis of the Joint Administrators’ remuneration as provided for in the proposals.
4. In the event that a creditors’ committee is not formed, to authorise the Joint Administrators to draw Category 2 disbursements in accordance with the statement of disbursements set out in the proposals.

Key documents to be made available at www.higroupadministration.co.uk will include the following:

Joint Administrators’ proposals	From 19 November 2012
Formal notice of the meeting (Form 2.20B)	From 19 November 2012
Initial Creditors’ meeting proxy form (Form 8.2)	From 19 November 2012

Notice of claim for voting purposes

From 19 November 2012

To be eligible to vote at the meeting you must provide me with written details of your claim by 12 noon on the business day before the meeting and, unless you are attending the meeting in person, you must download and complete and return the proxy form by the date of the meeting.

Please ensure that you only complete forms relating to the company or companies in which you have outstanding amounts owing to you.

Creditors seeking further information regarding the Administrations can email egilpin@uk.ey.com or write to the Joint Administrators at Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY.

If there are any matters concerning the company's affairs which you consider may require investigation and consequently should be brought to our attention, please forward the details to me in writing as soon as possible.

Yours faithfully
for the Company



S J Woodward
Joint Administrator

Samuel James Woodward and Thomas Andrew Jack are licensed in the United Kingdom to act as insolvency practitioners by The Institute of Chartered Accountants in England and Wales. Jonathan Peter Sumpton is licensed in the United Kingdom to act as an insolvency practitioner by the Association of Chartered Certified Accountants.

The affairs, business and property of the Company are being managed by the Joint Administrators, S J Woodward, J P Sumpton and T A Jack, who act as agents of the Company only and without personal liability.

We may collect, use, transfer, store or otherwise process (collectively, 'Process') information that can be linked to specific individuals ('Personal Data'). We may Process Personal Data in various jurisdictions in accordance with applicable law and professional regulations including (without limitation) the Data Protection Act 1998.



**Independent Service (Domestic Appliances) Limited
(In Administration)**

Administrators' Statement of Proposals

16 November 2012

Ernst & Young LLP

Abbreviations

California Drive	Freehold property at California Drive, Normanton
CCC	Crown Corporation (UK) Limited
Directors	David Isherwood, Andrew Trotter, Nick Isherwood, Debbie Tennant
DLA	DLA Piper UK LLP
EY	Ernst & Young LLP
FCL	Fridgemaster Corporation Limited
Frigidaire	Frigidaire Consolidated Limited
FYXX	The 12 months ending 28 February 20XX
the Group	CCC, FCL, Frigidaire, HI, International, Investments, ISDAL, Plc and Whitwood
HI Distribution	Hardman Isherwood Limited
HIF	HSBC Invoice Finance (UK) Limited
Hilco Appraisal	Hilco Appraisal Limited
Home Delivery	A division of HI International Ltd t/a HI Way Express Home Delivery
HSBC Bank	HSBC Bank plc
HWE	The unlimited partnership trading as HI Way Express
International	HI International Limited
Investments	H.I. Investments Limited
ISDAL or the Company	Independent Service (Domestic Appliances) Limited
Plc	HI Group plc
ROT	Retention of title
TUPE	Transfer of Undertaking (Protection of Employment) Regulations 2006
Tuscany Way	Freehold property at Tuscany Way, Normanton (the Group's head office and principal warehouse)
White Goods Business	A division of International and Frigidaire that traded as a distributor of refrigeration white goods
Whitwood	Whitwood Warehouse Limited

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1. Introduction, background and circumstances giving rise to the appointment

1.1 Introduction

On 26 September 2012 the Company entered Administration and Samuel James Woodward, Jonathan Peter Sumpton and Thomas Andrew Jack were appointed to act as Joint Administrators. This document, including its appendices, constitutes the Joint Administrators' statement of proposals to creditors pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986.

Certain statutory information relating to the Company and the appointment of the Joint Administrators is provided at Appendix A.

1.1.1 Background

The Company

The Company's principal trading activity is as a domestic appliance warranty and servicing business. The Company also traded spare parts through its website to trade and public customers.

The Group

The Company is a wholly owned subsidiary of HI Group plc, which is as a national distributor of white and brown goods to major high street retailers, supermarkets, DIY stores, cash & carry outlets, web based retailers and independent retailers

The Group owned or held exclusive licences to a number of brands including Frigidaire, Fridgemaster, Crown, Philco and Univa.

All parties in the Group, including ISDAL, were parties to Group banking arrangements with HSBC Bank.

On 26 September 2012 the Group also entered Administration and Samuel James Woodward, Jonathan Peter Sumpton and Thomas Andrew Jack were appointed to act as Joint Administrators. The proposals for the rest of Group of contained in a separate document which has been made available to creditors of those companies.

Hi Way Express ("HWE")

HWE is an unlimited liability partnership whose partners include three of the four Directors (David Isherwood, Nick Isherwood and Debra Tennant). It is a warehousing and bulk distribution business that provided services to the Group as well as its own third party customers.

Whilst HWE provided services to the Group it did this by utilising the Group's operational assets and employees. This lead to a complex series of recharges which has resulted in a debt being due from HWE which is discussed further later in the document.

We understand that HWE has ceased trading but is not subject to any form of insolvency proceedings.

Connected Party transactions

We understand that the only transactions are recharges for distribution costs incurred by HWE (other than transactions with other Group companies). As per the ISDAL audited

statutory accounts these charges totalled £14,000 in the year ended 28 February 2011 (£12,000 in the year ended 28 February 2010).

We are not aware of any further connected party transactions.

Recent financial results

The recent financial results of the Company are summarised as follows:

Independent Service (Domestic Appliances) Limited

<i>Period year or period ended</i>	<i>Type audited/draft</i>	<i>Turnover £000</i>	<i>Gross profit £000</i>	<i>Gross profit %</i>	<i>Directors' remuneration £000</i>	<i>Net profit after tax £000</i>	<i>Accumulated reserves £000</i>
29/02/2012	Draft	3,481	866	23%	-	(181)	172
28/02/2011	Audited	3,418	978	29%	-	58	343
28/02/2010	Audited	3,210	954	30%	-	58	295
28/02/2009	Audited	3,079	736	24%	-	(47)	237
28/02/2008	Audited	3,716	862	23%	-	73	284

The recent audited financial results of the Group (on a consolidated basis) are summarised as follows:

HI Group Plc

<i>Period year or period ended</i>	<i>Type audited/draft</i>	<i>Turnover £000</i>	<i>Gross profit £000</i>	<i>Gross profit %</i>	<i>Directors' remuneration £000</i>	<i>Net profit after tax £000</i>	<i>Accumulated reserves £000</i>
29/02/2012	Draft	51,254	6,998	14%	n/a	(6,302)	14,142
28/02/2011	Audited	59,164	10,859	18%	578	679	19,142
28/02/2010	Audited	68,207	11,772	17%	988	745	18,550
28/02/2009	Audited	75,002	10,833	14%	981	(429)	17,454
28/02/2008	Audited	86,618	11,315	13%	938	879	18,718

1.1.2 Circumstances Giving Rise to the Appointment of the Administrators

The turnover of the Wider Group has been in decline since FY08, primarily due to difficult market conditions in the Group's principal white goods business. As the table above highlights, turnover peaked at £86.6m in FY08 but had declined by 41% to £51.2m in FY12. As a result, in FY12 the Group incurred a net loss of £6.3m including exceptional costs of £4m.

The financial position of the Wider Group was further impacted by the losses made by HWE, which provided warehousing and logistics services mainly to the Group but also to third party customers. As the turnover of the Group reduced, the level of income for HWE also reduced and its losses were effectively funded by the Group.

As a result of the losses incurred in FY12 the Directors identified and implemented a number of restructuring initiatives in order to improve profitability and cash flow.

By early August 2012, it became apparent that trading performance was falling materially below forecast due to continuing difficult market conditions and that the Wider Group would be unable to continue to trade without further funding, which was not available.

This led to EY being engaged in August 2012 to commence an accelerated sale process of the Group.

During the accelerated sale process conducted in August and September 2012, no formal offers were received for the Company or its business and assets. A solvent sale of the Group was not possible however, two separate sales of business and assets as a going concern were concluded for other parts of the Group shortly after our appointment as Administrators.

2. Purpose, conduct and end of Administration

2.1 Purpose of the Administration

The purpose of an Administration is to achieve one of three objectives:

- a. To rescue the Company as a going concern
- b. To achieve 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)
- c. To realise property in order to make a distribution to one or more secured or preferential creditors

Insolvency legislation provides that objective (a) should be pursued unless it is not reasonably practicable to do so or if objective (b) would achieve a better result for the company's creditors as a whole. Objective (c) may only be pursued if it is not reasonably practicable to achieve either objective (a) or (b) and can be pursued without unnecessarily harming the interests of the creditors of the company as a whole.

We considered it unlikely that the first objective could be achieved for the following reasons:

- ▶ Many of the customers had dual supply arrangements and would immediately take steps to switch to alternative providers following Administration;
- ▶ ISDAL was reliant on the wider group for 11% of its turnover which was likely to be lost following the Administration of the Group;
- ▶ There were significant amounts owed to sub-contract engineers;
- ▶ No further funding was available from the existing lenders or shareholders, with no further unencumbered assets to offer as security to existing or new lenders; and
- ▶ No offers were received for any of the shares of the Company during the accelerated sale marketing process.

As a result, the Administrators concluded that it was not reasonably practicable to achieve the rescue of the Company as a going concern in accordance with paragraph 3(1)(a) of Schedule B1 to the Insolvency Act 1986.

Accordingly, the Joint Administrators' strategy focused on objective (b) to achieve a better result for the Company's creditors as a whole than would be likely if the Company was wound up, without first being in Administration.

2.2 Conduct of the Administration

2.2.1 Administration strategy

The Joint Administrators did not consider it feasible for ISDAL to continue trading in Administration for the following reasons:

- ▶ ISDAL relied on a network of circa 400 sub-contract engineers to fulfil customer orders. These sub-contractors were paid monthly and were in arrears as at the date of our appointment (circa £0.7m) and as such these arrears would likely have required payment to facilitate ongoing trading;
- ▶ The Company's key customer contracts included insolvency termination clauses;
- ▶ Many of the key customers had dual supply and could easily switch services to alternative service providers; and
- ▶ The business had already been marketed for sale immediately prior to Administration, which did not result in any formal offers being submitted.

Accordingly, ISDAL ceased to trade immediately on our appointment.

General

Since appointment, the Joint Administrators' strategy has focused on, but is not limited to, the following:

- ▶ The sale of ISDAL's spare parts stock;
- ▶ The collection of the Company's book debts;
- ▶ Realising value from other assets (including motor vehicles);
- ▶ An orderly wind down of the ISDAL's residual operations.

2.2.2 Employees

At the date of our appointment, the Company employed 30 employees.

Eight employees were retained for a two-week period to assist with the realisation of assets and wind down of the operations.

The other 22 employees were made redundant immediately following our appointment.

2.2.3 Asset realisations

2.2.3.1 Book debts

At the date of our appointment, the Company's book debts totalled £0.7m due from around 260 customers. To date we have collected circa £0.1m.

Summary of ISDAL debtor collections from appointment to 9 November 2012

	Opening balance on appointment *	Payments received	Provisions for uncollectible amounts	Outstanding pre- appointment balance	Post appointment invoices	Net collectible balance
<i>Currency: £ 000</i>						
ISDAL	668	(98)	(205)	366	117	483

* Opening balance on appointment excludes any intercompany debts or amounts owing to ISDAL from HWE

ISDAL traded under service agreements with its key customers, providing repair services in respect of warranties issued by its customers to the end user.

As a result significant counter claims have been received to date from customers for discontinuity of supply and unpaid debts owing to customers for spare parts (customers were also suppliers of parts to the Company).

We continue to pursue the remaining collectible balance of c.£0.5m. However, due to the level of counterclaims we are uncertain as to the level of future realisations from book debts.

2.2.3.2 Stock

At the date of appointment, the Company held stock with a book value of c.£0.3m.

All of the Company's stock has now been sold, with realisations of c.£0.1m representing 41p in the pound against book value. This compares favourably with our agents valuation of the stock of 10p in the £.

The stock was sold in two separate transactions with Global Asian Appliances HK Limited and Pacifica Group Limited. All consideration has been paid.

2.2.3.3 Other assets

Motor vehicles

At the date of our appointment, the Company's fixed asset register indicated that it operated 5 motor vehicles of which 3 were owned and 2 were subject to finance agreements (with Lloyds TSB Commercial Finance Limited and Toyota Financial Services Limited).

To date, we have sold two of the Company's cars via private treaty (both unencumbered) resulting in realisations totalling £1,700.

The remaining three vehicles will be sold at auction by our agents.

Intercompany debts

According to the Directors' Statement of Affairs, there are intercompany debts owing to the Company from International (£16,744) and Frigidaire (£182). At this stage it is unclear whether there will be any unsecured dividend from the Administrations of these companies.

Administrators' receipts and payments

A summary of the Administrators' receipts and payments for the period from 26 September 2012 to 9 November 2012 is attached at Appendix D.

2.2.4 Future conduct of the Administration

It is proposed that the Joint Administrators will continue to manage the affairs, business and property of the Company in order to achieve the purpose of the Administration, namely to achieve a better result for the Company's creditors as a whole than would be likely if the Company was wound up, without first being in Administration. This will include, inter alia:

- ▶ Realising the Company's remaining tangible assets (collection of book debts, sale of motor vehicles, fixtures and fittings and IT equipment);
- ▶ Agreeing preferential creditor claims, including dealing with employee claims, queries and the Redundancy Payments Office;
- ▶ Dealing with unsecured creditor and customer enquiries;
- ▶ Distributing realisations to the secured and preferential creditors
- ▶ Calculation of the final corporation tax and VAT positions of the Company for the period of trade up to 25 September 2012 and realisation of any value;

- ▶ Assisting creditors in the return of third party assets;
- ▶ Investigating and dealing with any ROT claims;
- ▶ If the Joint Administrators deem appropriate to seek an extension, or further extensions, to the Administration from the Court as required, without recourse to creditors;
- ▶ Dealing with statutory reporting and compliance obligations; and
- ▶ Finalising the Administrations including the payment of all Administration liabilities.
- ▶ Any other actions necessary to be undertaken to fulfil the purpose of the Administrations.

2.2.5 Initial Meeting of Creditors

The Administrators will be holding an initial meeting of the Company's creditors on Tuesday 4 December 2012 at 11.00am at the Park Plaza Hotel, Boar Lane, Leeds, LS1 5NS.

The meetings will be held to consider and vote on the following:

- ▶ The approval of the Joint Administrators' Proposals;
- ▶ The formation of a Creditors' Committee and if approved, the membership of the Creditors' Committee. To be validly constituted, a Creditors' Committee must have at least three and not more than five members;
- ▶ In the event that a Creditors' Committee is not formed, to fix the basis of the Joint Administrators' remuneration as provided for in the Proposals;
- ▶ In the event that a Creditors' Committee is not formed, to authorise the Joint Administrators to draw Category 2 disbursements in accordance with the statement of disbursements set out in the proposals.

Formal notice of the meetings, together with a proxy form and notice of claim form are enclosed. To be eligible to vote at the meeting you must:

- ▶ Provide written details of your claim by 12 noon on the business day before the meeting; and
- ▶ Unless you are attending the meeting in person, you must complete and return the proxy form by the date of the meeting.

2.2.6 The End of the Administration

The Administration will end automatically on 25 September 2013 although it can be extended by creditors or by the Court.

It is proposed that, at the end of the Administration, the Company will move straight into Creditors' Voluntary Liquidation upon the filing with the Registrar of Companies of a notice pursuant to paragraph 83 of Schedule B1 to the Insolvency Act 1986. It is proposed that the liquidators will be Samuel James Woodward, Jonathan Peter Sumpton and Thomas Andrew Jack of Ernst & Young LLP and that any act required or authorised under any enactment to be done by the liquidators may be done by either or all of them. In accordance with paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 2.117A(2)(b) of the Insolvency Rules 1986, creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of these proposals and before the proposals are approved. It should be noted in this regard that a person must be authorised to act as an insolvency practitioner in order to be appointed as liquidator.

If at the end of the Administration the Company has no property which might permit a distribution to its creditors, the Joint Administrators will send a notice to that effect to the Registrar of Companies. On registration of the notice the Joint Administrators' appointment will come to an end. In accordance with the provisions of paragraph 84(6) of Schedule B1 to the Insolvency Act 1986 the Company will be deemed to be dissolved three months after the registration of the notice.

If there is property available at the end of the Administration, but the Joint Administrators think it is insufficient to enable a distribution to be made in a Creditors' Voluntary Liquidation, the Joint Administrators will petition the court, pursuant to paragraph 79 of Schedule B1 to the Insolvency Act 1986, for an order to bring the administration to an end with a consequential order for the compulsory winding up of the Company.

3. Statement of affairs

The Directors have submitted their Statement of Affairs as at 26 September 2012. A summary is attached at Appendix B.

We would make the following comments in relation to the Directors' Statement of Affairs:

Group bank indebtedness

The Directors' Statement of Affairs includes the cash position of the Company. In practice a Group overdraft facility was operated, with the individual entity balances being aggregated on a Group basis. As a result, the Bank is entitled to offset balances to arrive at its overall net indebtedness of £18.7m due from the Group.

Once all assets have been realised and the outcome for the Bank and creditors is known for all Group Administrations, it may be necessary to perform a marshalling exercise to allocate any surplus funds prior to distribution to creditors. As a result it is difficult to estimate at present which Group companies may have surplus funds for distribution to creditors.

3.1.1 Secured creditors

HSBC Bank plc, the Group's principal secured lender, had total indebtedness with the Group at the date of appointment of £18,747,879 subject to accruing interest, charges and the maturation of two forward exchange contracts and a duty deferment bond with HMRC.

HSBC Bank holds fixed and floating charges over the Group's assets and chattel mortgages over certain motor vehicles and number plates.

A summary of the Group's indebtedness by entity is as per the following table:

Summary of indebtedness for Group and Wider Group to HSBC Bank

	Indebtedness at the date of appointment (subject to further charges)
<i>Currency: £ 000</i>	
Frigidaire	1,170
FCL	(2,414)
HI Distribution	(10,239)
International	7,087
Investments	(17,065)
Plc	(20)
Whitwood	2,583
Group (other than ISDAL)	(18,898)
ISDAL	150
Wider Group	(18,748)

Preferential creditors

We currently estimate preferential creditors of c. £15,000 in respect of claims for employees' salaries, holiday pay and pension contributions.

We currently estimate that there will be sufficient realisations for preferential creditors to be paid in full.

Non-preferential creditors

These creditor claims continue to be submitted. It is estimated that total non-preferential claims for the Company will be in the region of £0.9m, as per the Directors' Statement of Affairs.

Estimated creditor non-preferential claims across the Group total £18.7m, as per the Directors' Statement of Affairs.

The outcome for Group creditors is largely dependent on the realisations of freehold properties owned by HI Distribution and Investments, where a wide range of outcomes is possible. We currently believe there may be sufficient realisations to enable a distribution to non-preferential creditors of some Group companies however for the reasons previously set out it is too early to give any indication of dividend prospects by entity.

Once all assets have been realised and the outcome for the Bank and creditors is known it may be necessary to perform a marshalling exercise to allocate any surplus funds prior to distribution to creditors. As a result it is difficult to estimate at present whether the Company will have surplus funds for distribution to unsecured creditors.

4. Other matters

4.1 Receipts and Payments

A summary of the Administrators' receipts and payments for the period from 26 September 2012 to 9 November 2012 is attached at Appendix D.

Receipts

Receipts to date total c. £245,000 and predominantly comprise the following:

- ▶ Stock sales of £116,000;
- ▶ Debtor realisations of £98,000;
- ▶ Motor vehicle sales of £1,700; and
- ▶ VAT of £25,000

Payments

Payments to date total c. £9,000, with the majority relating to employee costs.

5. Prescribed part

The prescribed part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The prescribed part applies to floating charges created on or after 15 September 2003.

The date of the charges means that the Prescribed Part applies to all Group entities, however in the event that HSBC Bank is repaid in full and there are surplus funds, the Prescribed Part will not apply.

It is not currently possible to accurately calculate the Prescribed Part. However, we consider it possible that HSBC Bank will be repaid in full and therefore the Prescribed Part would not apply.

6. Administrators' remuneration and disbursements and payments to other professionals

Remuneration

The statutory provisions relating to remuneration are set out in Rule 2.106 of the Insolvency Rules 1986. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Insolvency Practitioners Association at <http://www.insolvency-practitioners.org.uk> (follow 'Regulation and Guidance' then 'Creditors' Guides to Fees'), or is available in hard copy upon written request to the Joint Administrators.

In the event that a Creditors' Committee is not formed, the Joint Administrators propose that their remuneration be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration.

Attached at Appendix C is a detailed analysis of time spent, and charge out rates, for each grade of staff for the various areas of work carried out to 9 November 2012, as required by the Association of Business Recovery Professionals' Statement of Insolvency Practice No. 9.

Disbursements

Appendix C also includes a statement of the Joint Administrators' policy for charging disbursements. In the event that a Creditors' Committee is not formed, the Joint Administrators propose they be permitted to charge Category 2 disbursements in accordance with the charging policy set out in Appendix C.

Payments to other professionals

The Joint Administrators have engaged the following other professionals to assist them. They were chosen on the basis of their experience in similar assignments.

Name of firm	Nature of service	How contracted to be paid
DLA Piper UK LLP	Legal advice relating to appointment matters, ROT claims, general advice	Time costs basis
Hilco Appraisal Limited	Valuation of and marketing of assets	Time costs basis for valuation advice. Commission basis on realisations

No fees have been paid to date

Appendix A Statutory information

Company Information

Company Name: Independent Service (Domestic Appliances) Limited
 Registered Office Address: c/o Ernst and Young LLP, 100 Barbirolli Square, Manchester, M2 3EY
 Registered Number: 01823323
 Trading Name(s): n/a
 Trading Address(es): Complex A, California Drive, Whitwood, Castelford, WF10 5QL

Details of the Administrators and of their appointment

Administrators: Samuel James Woodward, Jonathan Peter Sumpton and Thomas Andrew Jack
 Date of Appointment: 26 September 2012
 By Whom Appointed: The appointment was made by the Company's Directors
 Court Reference: 1286 of 2012

Any of the functions to be performed or powers exercisable by the Administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting jointly.

Statement concerning the EC Regulation

The EC Council Regulation on Insolvency Proceedings does apply to this administration and the proceedings are main proceedings. This means that this Administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Union Member State.

Share capital

Class	Authorised		Issued and fully paid	
	Number	£	Number	£
Ordinary	10,000	1	10,000	1

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned
David M Isherwood	Director	20/09/1994	n/a
Debra M Tennant	Director	22/10/1992	n/a
Nicholas C Isherwood	Director	26/07/2000	n/a
Michael J Turnbull	Director	26/07/2000	n/a

Appendix B Directors' statement of affairs

The Directors' statement of affairs is attached.

Appendix C Statement of administrators' charging policy for remuneration and disbursements pursuant to Statement of Insolvency Practice No. 9

Charging and disbursement policy

Administrator's charging policy for remuneration

The Administrators have engaged managers and other staff to work on the Administration. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the company's bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Administrators.

All time spent by staff working directly on case-related matters is charged to a time code established for the case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown below, as are the current hourly rates used. The current hourly rates are higher than the average rates, since hourly rates have increased over the period covered by this fee request.

Summary of Administrators' time costs from 26 September 2012 to 9 November 2012

Independent Service (Domestic Appliances) Limited (In Administration)
Int Administrators' Time Costs for the period from 26 September 2012 to 9 November 2012

	Assistant						Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner	Director / Senior Manager	Manager	Executive	Analyst	Intern			
Accounting and Administration	0.5	0.0	25.6	19.1	8.1	20.9	74.2	15,822	213
Bank & Statutory Reporting	2.5	0.0	12.0	15.5	0.0	0.0	30.0	8,830	294
Creditors	0.5	0.0	0.0	0.0	9.0	0.0	9.5	1,545	163
Debtors	2.0	0.0	11.0	120.5	15.0	23.7	172.2	36,712	213
Employee Matters	0.0	3.0	0.0	31.7	1.5	0.0	36.2	8,726	241
Immediate Tasks	0.3	0.0	6.4	2.0	13.5	0.0	22.2	4,504	203
Job Acceptance & Strategy	0.4	4.0	0.8	2.0	2.0	0.0	9.2	2,854	310
Other Assets	0.0	0.0	3.0	67.0	0.6	0.0	70.6	16,451	233
Other Matters	0.0	0.0	0.0	0.0	1.8	0.0	1.8	247	137
Statutory Duties	0.8	1.2	8.0	15.9	14.5	1.0	41.4	9,337	226
VAT & Taxation	0.2	4.5	0.0	4.6	0.4	0.0	9.7	4,301	443
Total Hours	7.2	12.7	66.8	278.3	66.4	45.6	477.0		
Time Cost (£)	4,213	6,007	21,376	64,508	8,893	4,332		109,328	
Average Hourly Rate (£)	585	473	320	232	134	95		229	
	£								
Category One Disbursements	834								
Category Two Disbursements	588								
Total Disbursements	1,422								

Note : Time is charged at six minute intervals

My firm's charge out rates are summarised in the table below.

Summary of charge out rates

Department	Grade	Hourly rate from 1 July 2012 (£)
Restructuring	Partner	570
	Executive Director	545
	Assistant Director	410
	Senior Executive	320
	Executive	230 - 310
	Analyst	130 - 140
	Intern	95
Tax	Senior Manager	545
	Executive	320 - 345
	Analyst	170
FIDS	Senior Manager	570

Administrators' charging policy for disbursements

Statement of Insolvency Practice No. 9 divides disbursements into two categories.

Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. Such disbursements can be paid from the insolvent's assets without approval from the Creditors' Committee or the general body of creditors. In line with Statement of Insolvency Practice No. 9, it is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as may reasonably be required to support the disbursements drawn.

Category One Disbursements

Nature of Expense	Amount (£)
Travel	129
Subsistence	272
Accommodation	433
	834

Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs. Statement of Insolvency Practice No. 9 provides that such disbursements are subject to approval as if they were remuneration.

It is our policy, in line with the Statement, to seek approval for Category 2 disbursements before they are drawn. To date, the following Category 2 expenses have been incurred. It is proposed that Joint Administrators be permitted to draw these expenses.

Nature of expense	Amount – £	Basis of charge
Mileage – firm's car	588	Mileage is charged at rates between 15p and 45 per mile

Appendix D Administrators' receipts and payments account for the period from 26 September 2012 to 9 November 2012

Estimated to Realise as per Directors' Statement of Affairs		Fixed Charge £	Floating Charge £	Total £
	Receipts			
147,320	Cash	-	-	-
48,370	Stock	-	116,075	116,075
20,000	Motor Vehicles	1,700	-	1,700
169,067	Debtors not subject to Fixed Charge	-	98,444	98,444
12,631	Inter Group debts	-	-	-
	Sundry receipts	-	4,394	4,394
	VAT	-	25,015	25,015
		<u>1,700</u>	<u>243,928</u>	<u>245,628</u>
	Payments			
	Gross Wages	-	8,329	8,329
	Employers NIC	-	633	633
	Bank Charges and Interest	-	12	12
	Pension Contributions	-	337	337
	Bank charges and interest	-	8	8
		<u>-</u>	<u>9,318</u>	<u>9,318</u>
	Represented By:			
	Floating Current Account	1,700	234,610	236,310
		<u>1,700</u>	<u>234,610</u>	<u>236,310</u>

Notes

1. All amounts are stated net of VAT.
2. Funds are held in interest bearing accounts

