

**TO WHOM IT MAY CONCERN**

Our ref: AB/BAJ/ER/4013158-S100

30 April, 2010

Dear Sir

**Zoom Airlines Limited ["the Company"]  
In Administration  
Report to Creditors pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986**

I write to give you a progress report on the conduct of the Administration for the period from 1 September 2009 to 28 February 2010.

The following schedules are attached to this report:

1. Form 2.20B(Scot)
2. Statutory information.
3. Summary of Progress and Estimated Financial Position as at 28 February 2010
4. Joint Administrators' Receipts and Payments Account to 28 February 2010
5. Time and Charge Out Summary from 1 September 2009 to 28 February 2010
6. Administrators' Charge Out Rates as at 6 April 2010
7. A Creditors' Guide to Administrator's Fees (Scotland)

Yours faithfully



**Anne Buchanan**  
Joint Administrator

**Encs**

Direct tel 0141 418 1162 | Fax 0141 418 1210

Email [elaine.ramage@uk.pkf.com](mailto:elaine.ramage@uk.pkf.com) | [www.pkf.co.uk](http://www.pkf.co.uk)

PKF (UK) LLP | 78 Carlton Place | Glasgow | G5 9TH | DX GW249 Glasgow LP - 14 Glasgow 2

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The Insolvency Act 1986

# R2.38

## Administrator's progress report

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company  Zoom Airlines Limited
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Company number  SC288234
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(a) Insert full name(s) and address(es) of administrator(s)

I/We (a)  
Anne Buchanan  
PKF (UK) LLP  
78 Carlton Place  
Glasgow  
G5 9TH

Bryan A Jackson  
PKF (UK) LLP  
78 Carlton Place  
Glasgow  
G5 9TH

administrator(s) of the above company attach a progress report for the period

from

to

(b) Insert date(s)

(b) 1 September 2009
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(b) 28 February 2010
----------------------

Signed

  
Joint Administrator

Dated

30/2/10

### Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form.

The contact information that you give will be visible to searchers of the public record

Anne Buchanan PKF (UK) LLP 78 Carlton Place Glasgow G5 9TH	
DX Number	0141 429 5900 DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at:-

**Companies House, 37 Castle Terrace, Edinburgh EH1 2EB  
DX 235 Edinburgh / LP 4 Edinburgh-2**

Companies House receipt date barcode

## **Zoom Airlines Limited ["the Company"] In Administration**

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### **1. Statutory Information**

Company Number	SC288234
Registered Office	78 Carlton Place, Glasgow, G5 9TH
Appointed	Anne Buchanan and Bryan A Jackson of PKF (UK) LLP, 78 Carlton Place, Glasgow, G5 9TH
Date of Appointment	1 September 2008
Court	Glasgow Sheriff Court
Court Reference	L229/08
Appointer	The Directors of the Company, Iain Stewart Centre, Beehive Ring Road, Gatwick Airport, RH6 0PB
Regulations	EC Regulations on Insolvency Proceedings 2000 apply to the Company and the main proceedings are in the United Kingdom
Powers	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 either or all of them acting severally

## **Zoom Airlines Limited ["the Company"] In Administration**

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### **2. Summary of Progress and Estimated Financial Position for the period 1 September 2009 to 28 February 2010**

This Report should be read in conjunction with previous Reports. This Report relates to transactions in the period since 1 September 2009 (date of last Report).

#### **1. ASSET REALISATIONS**

- 1.1 Attached is a Receipts and Payments Account covering the periods 1 September 2008 (date of Administration) to 28 February 2010 and 1 September 2009 (date of last Report) to 28 February 2010.
- 1.2 The only assets still to be realised are the Customs Bond and a deposit held by a Company in Canada.
- 1.3 Attempts are still being made to ascertain what funds may, after deduction of any costs, be received in respect of the Customs Bond. It has now been necessary to instruct a solicitor to deal with this matter. As previously advised, the Letter of Credit relating to the Customs Bond must remain in effect until September 2010 and, therefore, it is the Joint Administrators' intention to make a further application to the Court to extend the Administration for a further 6 month period in order to realise this asset for the benefit of creditors.
- 1.4 The sum of \$3922.80 CAD held by a Company in Canada in respect of a deposit is still being pursued. It is anticipated that payment will be received shortly.
- 1.5 All efforts to pursue the sum of \$4890.80 in respect of unauthorised debits taken from the Company's cash cards were unsuccessful and this amount has now been written off as it is not cost effective to continue pursuing same.
- 1.6 The sum of £192.50 has been received in respect of a refund of road fund licences.
- 1.7 Interest received since the last report is £15.33.

#### **2. DISTRIBUTIONS TO CREDITORS**

##### **Preferential creditors**

- 2.1 Preferential claims have not yet been agreed as the dividend prospects will be totally dependent on the outcome of the above asset realisations.

##### **Floating Charge Creditor**

- 2.2 There will be no funds available for distribution to the floating charge creditor.

##### **Unsecured Creditors**

- 2.3 There will be no funds available to the unsecured creditors.

## Zoom Airlines Limited ["the Company"] In Administration

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### 2. Summary of Progress and Estimated Financial Position for the period 1 September 2009 to 28 February 2010

### 3. OUTSTANDING MATTERS

- 3.1 As advised, funds in respect of the Customs Bond and one outstanding debt have still to be received.
- 3.2 Adjudication of preferential claims may be required depending on the outcome of the remaining asset realisations.

### 4. JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

- 4.1 As previously advised, the secured creditor and preferential creditors whose debts amount to more than 50% of the preferential debts of the company passed a resolution that the Joint Administrators shall be remunerated on a time cost basis by reference to PKF (UK) LLP's normal rates for the time spent by them and their staff in attending to matters arising in the Administration. As there will be no distribution to unsecured creditors, approval of the Joint Administrators' fees will be sought from the secured and preferential creditors only, per Rule 2.39 of the Insolvency (Scotland) Rules 1986.
- 4.2 From 1 September 2009 (date of last Report) to 28 February 2010 time costs of some £11,247.65 have been incurred. This represents 78.60 hours at an average charge out rate of £143.00 per hour.
- 4.3 An interim fee of £132,143.28 plus VAT for the period to 12 February 2009 has been taken. The Joint Administrators now intend to request a fee of £46,926.55 for the period 13 February 2009 to 28 February 2010. This represents 323.30 hours at an average charge out rate of £145.00 per hour.
- 4.4 Disbursements incurred from 1 September 2009 to 28 February 2010 are detailed below. Disbursements of £289.48 have been paid since the date of Administration and it is the Joint Administrators' intention to request payment of the remaining disbursements of £5,229.95

	Category 1 £	Category 2 £
Telephones	120.72	
	<u>120.72</u>	<u>          </u>

- 4.5 Our firm's disbursements are charged on the basis of costs incurred as costs generally charged to clients for such services (which are appropriate to cost and do not include any overhead recovery).
- 4.6 Category 1 disbursements are those which generally comprise external suppliers of incidental services specifically identifiable to the client. Category 2 disbursements are generally services supplied internally and require the approval of creditors.

**Zoom Airlines Limited ["the Company"]  
In Administration**

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**2. Summary of Progress and Estimated Financial Position  
for the period 1 September 2009 to 28 February 2010**

**5. COMPLETION OF THE ADMINISTRATION**

- 5.1 As there are still assets to be realised, in particular, the Customs Bond where the Letter of Credit must remain in effect until September 2010 it is the Joint Administrators' intention to make a further application to Court for the Administration to be extended for a further 6 months. The Court previously ordered, by an Interlocutor dated 11 August 2009, that the Administration be extended for a period of 12 months from 1 September 2009, in terms of paragraph 76(2)(a) of Schedule B1 to the Insolvency Act 1986.
- 5.2 Creditors have the right to seek to object to the grant of an extension. Any creditor wishing to object to a further extension should send their objections to the Joint Administrators: by post at PKF (UK) LLP, 78 Carlton Place, Glasgow, G5 9TH, by email to [elaine.ramage@uk.pkf.com](mailto:elaine.ramage@uk.pkf.com) or by fax to 0141 418 1210. Objections should be received no later than 1 June 2010.
- 5.3 The Company will exit from Administration by way of Dissolution of the Company.

**Zoom Airlines Limited**  
**(In Administration)**  
**Joint Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 01/09/2009 To 28/02/2010	From 01/09/2008 To 28/02/2010	
<b>ASSET REALISATIONS</b>			
12,050.00	Furniture, Equipment and MVs-Gatwic	NIL	15,895.84
1,699.00	Furniture, Equipment & MVs-Glasgow	NIL	1,442.00
	Book Debts	NIL	4,393.42
Uncertain	Customs Bond	NIL	NIL
	Private Medical Insurance Refund	NIL	3,435.90
10,065.00	Cash at Bank	NIL	4,587.10
	Travelex Refund	NIL	4,224.20
	Refund	192.50	1,077.50
	Bank Interest Gross	15.33	498.88
Uncertain	Jet Pipe	NIL	6,574.80
Uncertain	Cargo Revenue	NIL	14,440.46
25,000.00	Deposit Refund	NIL	28,380.13
79,000.00	Fuel Accounts	NIL	80,717.15
Uncertain	Air Operator Certificate	NIL	NIL
Uncertain	Insurance Claim	NIL	16,838.96
Uncertain	Fuel Accounts	NIL	NIL
		207.83	182,506.34
<b>COST OF REALISATIONS</b>			
	Agents/Valuers Fees(1)	75.00	6,186.54
		(75.00)	(6,186.54)
<b>COST OF ADMINISTRATION</b>			
	Re-Direction of Mail	NIL	47.90
	Public Notices	NIL	513.45
	Insurance of Assets	NIL	262.50
	Registers of Scotland	NIL	15.00
	Labour costs	NIL	2,869.75
	Professional Fees	NIL	7,943.74
	Joint Administrator's Fees	NIL	132,143.28
	Joint Administrator's Outlays	NIL	289.48
		NIL	(144,085.10)
<b>PREFERENTIAL CREDITORS</b>			
(90,547.00)	The Insolvency Service	NIL	NIL
(49,626.00)	Employees	NIL	NIL
		NIL	NIL
<b>FLOATING CHARGE CREDITORS</b>			
(3,612,351.00)	Bank of Scotland plc	NIL	NIL
		NIL	NIL
<b>UNSECURED CREDITORS</b>			
(681,406.00)	Trade & Creditors	NIL	NIL
(70,791.00)	Employees-add claim PinL, away from	NIL	NIL
(1,972,317.00)	Inter-company Accounts	NIL	NIL
(571,287.00)	HM Revenue & Customs - PAYE & NI	NIL	NIL
(63,086.00)	The Insolvency Service	NIL	NIL
(259,240.00)	HM Revenue & Customs - Air Passeng	NIL	NIL
(3,810,785.00)	Customers	NIL	NIL
		NIL	NIL

**Zoom Airlines Limited  
(In Administration)  
Joint Administrators' Abstract of Receipts & Payments**

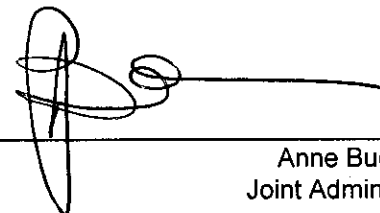
Statement of Affairs	From 01/09/2009 To 28/02/2010	From 01/09/2008 To 28/02/2010
DISTRIBUTIONS		
(27,072.00) Ordinary Shareholders	NIL	NIL
(2,272.00) A Ordinary Shares	NIL	NIL
	NIL	NIL
<b>(11,082,966.00)</b>	<b>132.83</b>	<b>32,234.70</b>

REPRESENTED BY

Bank Of Scotland  
Vat Control Account

30,797.62  
702.58

**31,500.20**



Anne Buchanan  
Joint Administrator

# SIP9 Analysis of OfficeHolders Timecosts from 1/9/09-28/2/2010

**Client: 4013158 Zoom Airlines Limited**

	Grade: Partner / Director		Manager		Supervisor / Senior Administrator		Administrator / Assistant		Total	
	Average Cost per hour: £291.00		£176.00		£111.00		£38.00		£143.00	
Tasks	Amount (£)	Hours	Amount (£)	Hours	Amount (£)	Hours	Amount (£)	Hours	Amount (£)	Hours
Partner/Senior Manager Review	436.50	1.50	0.00	0.00	0.00	0.00	0.00	0.00	436.50	1.50
Cashiering Function Generally	0.00	0.00	0.00	0.00	0.00	0.00	124.80	1.95	124.80	1.95
Secured Creditors (reporting/accounting for funds, etc)	0.00	0.00	17.60	0.10	0.00	0.00	0.00	0.00	17.60	0.10
Preferential Creditors	0.00	0.00	0.00	0.00	222.00	2.00	0.00	0.00	222.00	2.00
Non Preferential Creditors	0.00	0.00	184.80	1.05	1,032.30	9.30	0.00	0.00	1,217.10	10.35
Employee Claims	0.00	0.00	79.20	0.45	1,554.00	14.00	0.00	0.00	1,633.20	14.45
Fixed Asset Realisation	72.75	0.25	0.00	0.00	0.00	0.00	0.00	0.00	72.75	0.25
Other Asset Realisations	145.50	0.50	704.00	4.00	0.00	0.00	0.00	0.00	849.50	4.50
General Administration	145.50	0.50	6,133.60	34.85	0.00	0.00	202.50	6.75	6,481.60	42.10
Statutory Compliance (including CRO returns and lodger	72.75	0.25	0.00	0.00	0.00	0.00	0.00	0.00	72.75	0.25
Pension Schemes/Liasing with Independent Trustee)	0.00	0.00	0.00	0.00	111.00	1.00	0.00	0.00	111.00	1.00
Secretarial	0.00	0.00	0.00	0.00	0.00	0.00	8.85	0.15	8.85	0.15
	<b>873.00</b>	<b>3.00</b>	<b>7,119.20</b>	<b>40.45</b>	<b>2,919.30</b>	<b>26.30</b>	<b>336.15</b>	<b>8.85</b>	<b>11,247.65</b>	<b>78.60</b>

## PKF (UK) LLP

### Scottish Region: Glasgow and Edinburgh Offices

#### Corporate Recovery & Insolvency Department

#### Charge Out Rates

as at 6 April 2010

<b>Job Title</b>	<b>Hourly Rate</b>
Partner	£295
Director	£228 – £270
Senior Manager	£209
Manager	£181
Assistant Manager	£146
Supervisor	£128
Senior Administrator	£114
Administrator	£97 - £109
Cashier	£50 - £66
Secretarial	£61
Support Staff	£31 - £80

It should be noted that the above rates increase from time to time over the period of the administration of each insolvency case.

# **A CREDITORS' GUIDE TO ADMINISTRATOR'S FEES (SCOTLAND)**

## **1 Introduction**

- 1.1 When a company goes into administration the costs of the proceedings are paid out of the company's assets in priority to creditors' claims. 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 fix 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 or 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 the 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 2.16 of the Insolvency (Scotland) Rules 1986 which states that it may be a commission calculated by reference to the value of the company's property with which he has had to deal.

It is for the creditors' committee (if there is one) to fix the remuneration and Rule 2.16 says that in arriving at its decision the committee should take into account:-

- the work which, having regard to the value of the company's property, was reasonably undertaken by the administrator; and
- the extent of his responsibilities in administering the company's assets.

Although not specifically stated in the Rules, the normal basis for determining the remuneration will be that of the time costs properly incurred by the administrator and his staff.

- 4.2 If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration will be fixed by the Court on application by the administrator.

# **A CREDITORS' GUIDE TO ADMINISTRATOR'S FEES (SCOTLAND)**

## **5 What Information should be Provided by the Administrator?**

5.1 Claims by the administrator for the outlays reasonably incurred by him and for his remuneration shall be made in accordance with Section 53 of the Bankruptcy (Scotland) Act 1985 as applied by Rule 4.68 which provides that within two weeks after the end of the accounting period, the administrator shall submit to the creditors' committee or, if there is no creditors' committee, to the Court:

- his accounts of intromissions for audit;
- a claim for the outlays reasonably incurred by him and for his remuneration; and

where the documents are submitted to the creditors' committee he shall send a copy of them to the Court.

5.2 The administrator may at any time before the end of an accounting period submit to the creditors' committee (if any) an interim claim for the outlays reasonably incurred by him and for his remuneration.

5.3 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee 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. The administrator should be prepared to disclose the amount of 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 as a commission based on the value of the company's property with which the administrator has had to deal, 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 the administrator or his staff.

5.4 Where an administrator makes, or proposes to make, a separate charge by way of expenses and disbursements to recover the costs of facilities provided by his own firm, he should disclose those charges to the committee or the Court 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 appeal against the determination by virtue of Section 53(6) of the Bankruptcy Act, applied by Rule 4.32 of the Insolvency Rules, which is in turn applied by Rule 2.16. Creditors have a right of appeal against the determination of an administrator's remuneration by virtue of the application of Section 53(6) of the Bankruptcy (Scotland) Act.

6.2 The right of appeal is either to the Court (if the determination is by the creditors committee) or to a higher court (if the determination is by a court). Notwithstanding the fact that the statutory time limit for appealing expires eight weeks from the end of the accounting period concerned, it is normal practice to advise the creditors that they may appeal within 14 days of being notified of the determination in cases where this extends beyond the statutory appeal period.

## **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 an order increasing its amount or rate. 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.