



Accountants &  
business advisers

**TO WHOM IT MAY CONCERN**

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

11 May, 2009

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 25 October, 2008 to 5 May, 2009.

The following schedules are attached to this report:

1. Statutory information.
2. Summary of Progress and Estimated Financial Position as at 5 May, 2009
3. Joint Administrators' Receipts and Payments Account to 5 May, 2009
4. Time and Charge Out Summary from 1 September, 2008 to 5 May, 2009
5. Administrators' Charge Out Rates as at 1 November, 2008 and 6 April, 2009
6. A Creditors' Guide to Administrator's Fees (Scotland)
7. Form 2.20B(Scot)

Yours faithfully

**Anne Buchanan**

Joint Administrator

**Encs**

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

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**PKF (UK) LLP is a limited liability partnership registered in England and Wales with registered number OC310487.**

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## **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**

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

##### **Cash in Hand, Refund and Book Debts**

- 1.1. Since preparing the Proposals we have received refunds in respect of private medical insurance of £3,435.90 and a Travelex account of £4,024.20. No further recoveries are anticipated.

##### **Furniture, Equipment and Motor Vehicles**

- 1.2. These assets have been sold and the sum of £17,337.84 has been received.

##### **Air Operator Certificate ["AOC"]**

- 1.3. No offers were received for the AOC and this has now been revoked by the Civil Aviation Authority.

##### **Insurance Claim**

- 1.4. As you are aware, damage was caused to one of the Company's aircraft whilst undergoing a routine maintenance check and a claim was notified to the Company who carried out the check. This claim has been rejected however, a meeting has been scheduled with the Company in the next few weeks and hopefully we can bring this matter to a satisfactory conclusion without the costs of taking legal action.

##### **Jet Pipe**

- 1.5. As previously advised, the jet pipe was held by a creditor who was owed a substantial sum by the Company and was claiming a lien over the asset. Should we have been successful in raising a legal action for the release of this item the likelihood of finding a purchaser would have been slim and the costs to store the jet pipe would have outweighed any value. Bearing this in mind, in order to bring this matter to a conclusion we agreed to accept \$10,000 from the creditor in full and final settlement for the jet pipe. The sum realised was £6,574.80.

##### **Fuel Accounts**

- 1.6. The sum of £80,717.15 has been received. No further recoveries are anticipated.

##### **Cargo Revenue**

- 1.7. The sum of £14,440.46 has been received in respect of cargo revenue collected on the Company's behalf. No further monies are due.

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

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### **2. Summary of Progress and Estimated Financial Position**

#### **Deposits**

- 1.8. The sum of £28,380.13 was received from the catering Company in Thailand. No further recoveries are anticipated.

#### **Customs Bond**

- 1.9. I am currently liaising with the insurance company involved however, I have not yet been able to ascertain whether any funds will be received in respect of the Bond.

### **2. LIABILITIES**

#### **Preferential creditors**

- 2.1. We estimate that preferential creditors are owed approximately £140,173. These claims have not yet been agreed as the dividend prospects will be totally dependent on the outcome of the insurance claim.

#### **Floating Charge Creditor**

- 2.2. As at the date of our appointment, the floating charge creditor's claim was £3,612,351. Again, the dividend prospects will be totally dependent on the outcome of the insurance claim.

#### **Unsecured Creditors**

- 2.3. As per the Statement of Affairs, the total value of unsecured creditors was £7,428,912. These claims have not been agreed as there will be no funds available to the unsecured creditors.

### **3. INVESTIGATIONS**

- 3.1. As you are aware, as part of our duties as Administrators we will submit a confidential report to the Insolvency Service reporting on the conduct of the directors of the Company. Our investigations are still ongoing however, we hope to be in a position to submit our report in the very near future. The Insolvency Service will review the report and assess if there are any matters that require further investigation.

### **4. JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS**

- 4.1. 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. From the date of our appointment to 5 May 2009 we have incurred time costs of some £140,812.23 at an average charge out rate of £104.48 per hour. As there will be no distribution to unsecured creditors approval of our fees has been sought from the secured and preferential creditors only, per Rule 2.39 of the Insolvency (Scotland) Rules 1986. An interim fee of £132,143.28 plus VAT and outlays for the period to 25 February 2009 has been taken.

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

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**2. Summary of Progress and Estimated Financial Position**

4.2. In accordance with Section 52(1)(b) of Schedule B1 of the Insolvency Act 1986 an initial creditors meeting was not held as the Company had insufficient property to enable a distribution to be made to the unsecured creditors of the Company.

4.3. Disbursements incurred from the date of appointment to 5 May 2009 are detailed below. Disbursements of £289.48 have been taken.

	<b>Category 1</b>	<b>Category 2</b>
	<b>£</b>	<b>£</b>
Staff Travel and subsistence costs	2,168.50	-
Insolvency Practitioners' Bonds	295.00	-
Company Search fees	43.00	-
Postage	1,883.29	
Telephones	299.10	
	<u>4,688.89</u>	<u>          </u>

4.4. 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).

4.5. 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.

**5. COMPLETION OF THE ADMINISTRATION**

5.1. The secured and preferential creditors will be asked to agree our final fee.

5.2. From the information available, it would now appear that, there may be a small dividend available to the preferential creditors. A distribution to the floating charge creditor will be totally dependent on the outcome of the insurance claim and we may require to make an application to Court for an extension of the initial period of the Administration if this matter is not concluded within the next few months. The Company will need to exit from Administration before 31 August 2009 unless an extension is granted by the Court or an extension is granted by the creditors for a period not exceeding 6 months. The Company will exit from Administration by way of Dissolution of the Company.

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

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**3. Joint Administrators' Abstract of Receipts and Payments to 5 May 2009**

<b>RECEIPTS</b>	<b>Total (£)</b>
Furniture, Equipment and MVs	17,337.84
Book Debts	4,393.42
Private Medical Insurance Refund	3,435.90
Cash at Bank	4,587.10
Travelex Refund	4,224.20
Refund	885.00
Bank Interest Gross	475.25
Jet Pipe	6,574.80
Cargo Revenue	14,440.46
Deposit Refund	28,380.13
Fuel Accounts	80,717.15
	<u><b>165,451.25</b></u>

<b>PAYMENTS</b>	
Direct Labour	3,604.25
Agens / Valuers Fees	6,111.54
Re-direction of Mail	47.90
Public Notices	513.45
Insurance of Assets	262.50
Registers of Scotland	15.00
Professional Fees	2,465.00
Joint Administrators' Fees	132,432.76
Joint Administrators' Outlays	289.48
	<u><b>145,741.88</b></u>

**Balance** **19,709.37**

**MADE UP AS FOLLOWS:-**

Bank of Scotland	39,723.19
VAT Payable	(244.87)
VAT Control Account	(19,768.95)
	<u><b>19,709.37</b></u>

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

**4. Time and Charge Out Summary  
for the period 1 September 2008 to 5 May 2009**

Classification of work function	Hours					Total Hours	Time Cost £	Average hourly rate £
	Partner	Manager	Other Senior Professionals	Assistants & Support Staff				
Administration and planning	97.90	165.40	15.15	302.85		581.30	67,072.65	115.38
Investigations	0.50	1.00	0.70			2.20	385.90	175.41
Realisation of assets	3.00	60.80		1.00		64.80	11,018.50	170.04
Employees	2.00		78.75	146.29		227.04	22,618.73	99.62
Creditors	5.00	116.41	17.50	271.20		410.11	36,355.90	88.65
Cashiering				11.40		11.40	593.95	52.10
Secretarial				50.95		50.95	2,766.60	54.30
<b>Total hours</b>	<b>108.40</b>	<b>343.61</b>	<b>112.10</b>	<b>783.69</b>		<b>1,347.80</b>		<b>104.48</b>
Total time to date (£)							140,812.23	
Less: Fee taken							<u>132,143.28</u>	
Time not yet billed							<u>8,668.95</u>	

## **PKF (UK) LLP**

### **Scottish Region: Glasgow and Edinburgh Offices**

#### **Corporate Recovery & Insolvency Department**

#### **Charge Out Rates**

as at 1 November 2008

<b>Job Title</b>	<b>Hourly Rate</b>
Partner	£282
Director	£255
Senior Manager	£197
Manager	£170
Assistant Manager	£137
Supervisor	£120
Senior Administrator	£107
Administrator	£91 - £102
Cashier	£46 - £62
Secretarial	£57
Support Staff	£29 - £75

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

# PKF (UK) LLP

## Scottish Region: Glasgow and Edinburgh Offices

### Corporate Recovery & Insolvency Department

#### Charge Out Rates

as at 6 April 2009

<b>Job Title</b>	<b>Hourly Rate</b>
Partner	£291
Director	£222 – £263
Senior Manager	£203
Manager	£176
Assistant Manager	£142
Supervisor	£124
Senior Administrator	£111
Administrator	£94 - £106
Cashier	£48 - £64
Secretarial	£59
Support Staff	£30 - 78

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.

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
----------------------------

(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

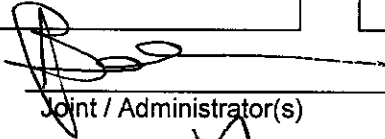
to

(b) Insert date(s)

(b) 25 October 2008
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(b) 5 May 2009
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Signed



Joint / Administrator(s)

Dated



### Contact Details:

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

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

Anne Buchanan  
 PKF (UK) LLP  
 78 Carlton Place  
 Glasgow  
 G5 9TH

DX Number

0141 429 5900  
 DX Exchange

Companies House receipt date barcode

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**