

PRIVATE AND CONFIDENTIAL

TO THE SHAREHOLDERS AND CREDITORS

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15 June 1999

Dear Sirs

**OLDHAM RUGBY LEAGUE FOOTBALL CLUB PLC
(IN CREDITORS' VOLUNTARY LIQUIDATION)**

I am now in a position to conclude the liquidation of the above company and enclose the following for your information:-

- 1) Summary of my final receipts and payments.
- 2) Formal notice convening final meetings of shareholders and creditors, to be held on Wednesday 21 July 1999, together with a form of proxy.

ASSET REALISATIONS

The attached summary of my receipts and payments is considered self-explanatory.

In their statement of affairs at 27 October 1997, the directors had estimated that trade debtors would realise £49,237. In the event, collections proved disappointing (£35,715) due to a combination of factors, principally transferred players not completing the requisite number of matches at their new club. This resulted in contractual transfer fees based on numbers of games played not becoming payable.

LIQUIDATOR'S INVESTIGATION

As reported previously, I found no evidence that funds obtained from the sale of the Watersheddings/adjoining land and buildings had been used for anything other than to finance the club generally. I also established that all home gate receipts had been properly recorded and accounted for.

PREFERENTIAL AND NON-PREFERENTIAL CREDITORS

There are no funds available for distribution to either class of creditor.

LIQUIDATOR'S REMUNERATION

I summarise below time costs incurred since the commencement of the winding-up :-

	Hour	Charge out rate (current) £	Time Value
Philip Long (Partner)	24.7	177	4,028.80
Paul Ashworth (Principal Manager)	10.3	151	1,482.80
Alan Tidmas (Manager)	104.8	95	9,215.70
Secretarial/other support staff	120.8	32/43	4,278.80
	<u>260.6</u>		<u>19,006.10</u>

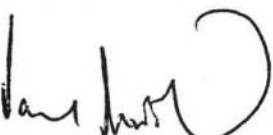
My remuneration of £12,500 plus VAT has been approved by the debenture holder, The Co-operative Bank plc who have effectively financed the majority of the costs and expenses of the liquidation from asset realisations that the Bank would otherwise have been entitled to under its debenture security.

FINAL MEETINGS

I am required by Section 106 of the Insolvency Act 1986 to convene a final general meeting of the company and a final meeting of creditors. Such meetings are purely formal to comply with the requirements of the Insolvency Act 1986 and the information to be presented to those meetings will be identical to that contained in this brief report and enclosure.

Should you require any further information, please do not hesitate to contact me.

Yours faithfully


Paul Ashworth
Principal Manager for
PHILIP LONG
Liquidator

OLDHAM RUGBY LEAGUE FOOTBALL CLUB plc
(In Liquidation)

SUMMARY OF LIQUIDATOR'S FINAL RECEIPTS AND PAYMENTS

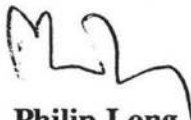
	Estimated to realise per statement of affairs £	Realised £
RECEIPTS		
<u>Assets specifically pledged</u>		
Trade debtors	49,237	35,715.50
Pannell Kerr Forster - Insolvency Services Clients' Account	818	818.72
Loan account – Bob Lindner	Uncertain	-
Other loans	865	-
	<u>50,920</u>	<u>36,534.22</u>
<u>Assets not specifically pledged</u>		
Furniture and fittings	1,100	1,000.00
Gymnasium equipment	1,250	1,800.00
Stock in trade	500	510.21
Pannell Kerr Forster – Insolvency Services Clients' Account	1,284	1,871.45
Bank interest	-	247.79
	<u>55,054</u>	<u>41,963.67</u>
PAYMENTS		
Pannell Kerr Forster - fee for assistance rendered in the preparation of the directors' statement of affairs and in convening the meetings of shareholders and creditors		5,000.00
Hire of meeting room in respect of meetings of shareholders and creditors		500.00
Statutory advertising		633.17
Liquidator's bonding		100.00
Auctioneer's fees and disbursements		2,464.76
Solicitors' fees re debt collection		240.00
Storage costs		206.63
Secretary of State fees		120.26
Corporation tax		77.14
Liquidator's remuneration		12,500.00
Liquidator's disbursements		1,649.71
Printing and postage re circularisation of final report		125.00
		<u>23,616.67</u>
Debenture holder - The Co-operative Bank plc		18,347.00
		<u>41,963.67</u>

Oldham Rugby League Football Club plc**(In Liquidation)**

NOTICE IS HEREBY GIVEN, pursuant to Section 106 of the Insolvency Act 1986, that a final general meeting of the above named company will be held at the offices of Pannell Kerr Forster, Sovereign House, Queen Street, Manchester M2 5HR on Wednesday 21 July 1999 at 10:00 am, to be followed at 11:30 am by a final meeting of creditors for the purpose of showing how the winding up has been conducted and the property of the company disposed of, and of hearing any explanation that may be given by me and also of determining by Extraordinary Resolution the manner in which the books, accounts and documents of the company and of the Liquidator shall be disposed of.

Proxies to be used at the meetings must be lodged with me at Pannell Kerr Forster, Sovereign House, Queen Street, Manchester M2 5HR no later than 12 noon on 14 July 1999.

15 June 1999



Philip Long
Liquidator

Rule 8.1

Insolvency Act 1986

**Proxy (Members or Creditors
Voluntary Winding Up)****Oldham Rugby League Football Club plc**

Notes to help
completion of the
form

Please give full name
and address for
communication

Name of Creditor/Member _____

Address of Creditor/Member _____

Please insert name of
person (who must be
18 or over) or the
"chairman of the
meeting". 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 appoint the above person to be my/the creditors/members proxy-holder at the
meeting of creditors/members to be held on Wednesday 21 July 1999
or at any adjournment of that meeting.

This form must be
signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed
if the creditor/member
has not signed in
person

Position with creditor/member or relationship to creditor/member or other authority
for signature

A CREDITORS' GUIDE TO LIQUIDATORS' FEES

ENGLAND AND WALES

1 INTRODUCTION

- 1.1 When a company goes into liquidation the costs of the proceedings are paid out of its assets. The creditors who hope 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 liquidator. The insolvency legislation recognises this interest by providing mechanisms for creditors to fix the basis of the liquidator's fees. This guide is intended to help creditors be aware of their rights to approve and monitor fees and explains the basis on which fees are fixed.

2 LIQUIDATION PROCEDURE

- 2.1 Liquidation (or 'winding up') is the most common type of corporate insolvency procedure. Liquidation is the formal winding up of a company's affairs entailing the realisation of its assets and the distribution of the proceeds in a prescribed order of priority. Liquidation may be either voluntary when it is instituted by resolution of the shareholders, or compulsory, when it is instituted by order of the court.
- 2.2 Voluntary liquidation is the more common of the two. An insolvent voluntary liquidation is called a creditors' voluntary liquidation (often abbreviated to 'CVL'). In this type of liquidation an insolvency practitioner acts as liquidator throughout and the creditors can vote on the appointment of the liquidator at the first meeting of creditors.
- 2.3 In a compulsory liquidation on the other hand, the function of liquidator is, in most cases, initially performed not by an insolvency practitioner but by an official called the official receiver. The official receiver is an officer of the court and a member of The Insolvency Service, an executive agency within the Department of Trade and Industry. In most compulsory liquidations, the official receiver becomes liquidator immediately on the making of the winding-up order. Where there are significant assets an insolvency practitioner will usually be appointed to act as liquidator in place of the official receiver, either at a meeting of creditors convened for the purpose or directly by the Secretary of State for Trade and Industry. Where an insolvency practitioner is not appointed the official receiver remains liquidator. Official receivers charge their fees on the basis of a statutory scale which is laid down by the Insolvency Regulations 1994.
- 2.4 Where a compulsory liquidation follows immediately on an administration the court may appoint the former administrator to act as liquidator. In such cases the official receiver does not become liquidator.

3 THE LIQUIDATION COMMITTEE

- 3.1 In a liquidation (whether voluntary or compulsory) the creditors have the right to appoint a committee called the liquidation committee, with a minimum of 3 and a maximum of 5 members, to monitor the conduct of the liquidation and approve the liquidator's fees. The committee is usually established at the creditors' meeting which appoints the liquidator, but in cases where a liquidation follows immediately on an administration any committee established for the purposes of the administration will continue in being as the liquidation committee.
- 3.2 The liquidator must call the first meeting of the committee within 3 months of its establishment (or his appointment if that is later) and subsequent meetings must be held either at specified dates agreed by the committee, or when requested by a member of the committee, or when the liquidator decides he needs to hold one. The liquidator is required to report to the committee at least every 6 months on the progress of the liquidation, unless the committee directs otherwise. This provides an opportunity for the committee to monitor and discuss the progress of the insolvency and the level of the liquidator's fees.

4 FIXING THE LIQUIDATOR'S FEES

- 4.1 The basis for fixing the liquidator's remuneration is set out in Rule 4.127 of the Insolvency Rules 1986. The Rule states that the remuneration shall be fixed either:
- as a percentage of the value of the assets which are realised or distributed or both, or
 - by reference to the time properly given by the liquidator and his staff in attending to matters arising in the insolvency.

It is for the liquidation committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is to be fixed as a percentage, to fix the percentage to be applied. Rule 4.127 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 liquidator in connection with the insolvency;
- the effectiveness with which the liquidator appears to be carrying out, or to have carried out, his duties;

- the value and nature of the assets which the liquidator has to deal with.

4.2 If there is no liquidation committee, or the committee does not make the requisite determination, the liquidator's remuneration may be fixed by a resolution of a meeting of creditors. The creditors take account of the same matters as the committee would. A resolution specifying the terms on which the liquidator is to be remunerated may be taken at the meeting which appoints the liquidator. If the remuneration is not fixed in any of these ways, it will be in accordance with the scale laid down for official receivers.

5 WHAT INFORMATION SHOULD BE PROVIDED BY THE LIQUIDATOR?

- 5.1 When seeking agreement to his fees the liquidator 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 liquidator should always make available an up to date receipts and payments account. Where the fee is to be charged on a time basis the liquidator 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 liquidator should provide details of any work which has been or is intended to be contracted out which would normally be undertaken directly by a liquidator or his staff.
- 5.2 The payment of the liquidator's expenses and disbursements is not subject to approval by the committee or the creditors. However, where a liquidator 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.
- 5.3 Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his administration the liquidator should immediately notify the creditors of the details of the resolution. When subsequently reporting to creditors on the progress of the liquidation, or submitting his final report, he should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he also should provide details of the time spent and charge-out value to date and any material changes in the rates charged since the resolution was first passed. Where the fee is charged on a percentage basis the liquidator should provide the details set out in paragraph 5.1 above regarding work which has been sub-contracted out.
- 5.4 Where the liquidator realises an asset on behalf of a secured creditor and receives remuneration out of the proceeds (see paragraph 8.1 below), he should disclose the amount of that remuneration to the committee (if there is one), to any meeting of creditors convened for the purpose of determining his fees, and in any reports he sends to creditors.

6 WHAT IF A CREDITOR IS DISSATISFIED?

- 6.1 If a creditor believes that the liquidator'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 liquidator 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 out of the assets of the insolvent company.

7 WHAT IF THE LIQUIDATOR IS DISSATISFIED?

- 7.1 If the liquidator considers that the remuneration fixed by the 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 or in accordance with the official receiver's scale 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 committee and the committee may nominate one or more of its members to appear or be represented at the court hearing. If there is no committee, the liquidator's notice of his application must be sent to such of the 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 out of the assets.

8 OTHER MATTERS RELATING TO FEES

- 8.1 Where the liquidator realises assets on behalf of a secured creditor he is entitled to be remunerated out of the proceeds of sale in accordance with the scale laid down for the official receivers. Usually, however, the liquidator will agree the basis of his fee for dealing with charged assets with the secured creditor concerned. Where two (or more) joint liquidators are appointed it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute between them may be referred to the court, the committee or a meeting of creditors. If the appointed liquidator is a solicitor and employs his own firm to act in the insolvency, profit costs may not be paid unless authorised by the committee, the creditors or the court.
- 8.2 There may also be occasions when creditors will agree to make funds available themselves to pay for the liquidator to carry out tasks which cannot be paid for out of the assets, either because they are deficient or because it is uncertain whether the work undertaken will result in any benefit to creditors. Arrangements of this kind are sometimes made to fund litigation or investigations into the affairs of the insolvent company.