

**Liquidator's Progress
Report****S.192****Pursuant to Sections 92A and 104A and 192
of the Insolvency Act 1986**

To the Registrar of Companies

Company Number

00034239

Name of Company

Brintons Limited

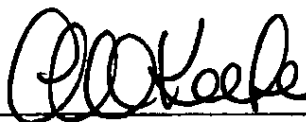
I / We
A C O'Keefe
The Zenith Building
26 Spring Gardens
Manchester
M2 1AB

G P Squires
10 Fleet Place
London
EC4M 7RB

the liquidator(s) of the company attach a copy of my/our Progress Report
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 02/12/2011 to 01/12/2012

Signed



Date

18.1.13

Zolfo Cooper
The Zenith Building
26 Spring Gardens
Manchester
M2 1AB

Ref 10246-001/MMCD/JEC/KWRI/MTA/MA

SATURDAY



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COMPANIES HOUSE

Joint Liquidators' Progress Report for the period 2 December 2011 to 1 December 2012

Brintons Limited
In Liquidation

19 January 2013



COMPANIES HOUSE

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1 Statutory information

- 1.1 Anne O'Keefe and Gary Squires were appointed Joint Liquidators of Brintons Limited (the Company) on 2 December 2011, following the filing of Form 2.34B - Notice of move from Administration to Creditors' Voluntary Liquidation with the Registrar of Companies.
- 1.2 The Liquidation is being handled by Zolfo Cooper's Manchester office, situated at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.
- 1.3 The registered office of the Company has been changed to c/o Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB and its registered number is 00034239.
- 1.4 As approved by the meeting of creditors held on 10 November 2011 pursuant to section 231 of the Insolvency Act 1986, any act required or authorised to be done by the Joint Liquidators may be done by all or either of them

2 Progress of the Liquidation

- 2.1 The Joint Liquidators' Receipts and Payments Account for the period 2 December 2011 to 1 December 2012 is attached at Appendix A
- 2.2 The analysis of receipts and payments for the period excludes the following costs which have been incurred but not yet paid.

Cost category	Supplier	Amount not yet paid £
Legal fees	SNR Denton UK LLP	1,300
Total		1,300

- 2.3 Prior to the appointment of the Joint Liquidators, Simon John Granger and Chad Griffin of FTI Consulting Limited were appointed Joint Administrators of the Company on 2 September 2011 (the Joint Administrators). A pre-packaged sale of the Company's business and assets to Brintons Carpets Limited (BCL) completed on the same date.
- 2.4 The Joint Administrators issued their Report and Statement of Proposals on 10 October 2011 (the Proposals) The Joint Administrators proposed that, following the conclusion of the Administration, they would be appointed as Joint Liquidators of the Company.
- 2.5 Following a review of the Proposals the Pension Protection Fund (PPF) had a number of concerns regarding the pre-packaged sale and contacted Gary Squires of Zolfo Cooper LLP to discuss their options and how an investigation could be initiated.
- 2.6 The PPF subsequently requested the Joint Administrators call a meeting of creditors to discuss the Proposals and this was held on 10 November 2011.

- 2 7 At this meeting, the creditors rejected the Proposals as presented and requested the following modifications which were subsequently approved:
- the Joint Administrators should not realise any further assets of the Company and should only take steps that are necessary to end the Administration;
 - the Joint Administrators should terminate the Administration by placing the Company into creditors' voluntary liquidation under paragraph 83 of schedule B1 to the Insolvency Act 1986; and
 - Anne O'Keefe and Gary Squires of Zolfo Cooper LLP were to be appointed as Joint Liquidators of the Company
- 2 8 The Administration ended on 2 December 2011 and the Joint Liquidators were appointed on the same date.
- 2 9 Since appointment, the Joint Liquidators have been communicating with the PPF to discuss their concerns. The Joint Liquidators have conducted an in-depth investigation into the events leading up to the Administration and the subsequent sale of the Company's business and assets. This included a review of the conduct of the sale in accordance with Statement of Insolvency Practice 16 (SIP 16).
- 2.10 This review raised a number of queries which require further explanation from the Joint Administrators.
- 2.11 The most recent request for information regarding the sale was sent to the Joint Administrators on 13 December 2012 and a deadline of 11 January 2013 was set for a response. The Joint Administrators have since requested an extension to 25 January 2013 in order for them to respond in full, which has been accepted.
- 2 12 Subject to the response received, the Joint Liquidators will either bring the investigations to a close and progress to making a distribution to the unsecured creditors. Alternatively, if it is deemed necessary, the Joint Liquidators' may take further action in light of the outcome of their investigations to recover further funds for the benefit of the Company's creditors.

Property leases

- 2 13 Prior to the Administration, the Company held leases for three properties, two of which the Company had granted a licence to occupy to a subsidiary company. The third lease was surrendered. The Company did not occupy these properties during the Administration and the Joint Administrators took steps to surrender the leases and terminate the licences.
- 2 14 Since appointment, the Joint Liquidators have spent time liaising with the landlords and solicitors to finalise the above matter.

Surplus from the Administration

- 2.15 The surplus balance, after the costs of the Administration, totalling £630,859 has been transferred to the Joint Liquidators' account.
- 2 16 The sum of £600,000, being the maximum Unsecured Creditors' Fund (see section 6.3), is available to distribute to the unsecured creditors of the Company.

- 2.17 If you hold an unsecured claim against the Company, please submit details of this claim along with supporting documentation in order to rank for dividend purposes. If you have already submitted a claim, please do not re-send.

Novation of supply contracts

- 2.18 During the period BCL has requested that the Joint Liquidators sign various novations on behalf of the Company in respect of trademark and supplier agreements, as set out in the pre-packaged sales agreement. BCL agreed to contribute to the costs of notarising these documents and the sum of £606 has been received

Employment tribunal

- 2.19 A protective award was granted to a number of former employees of the Company on 23 January 2012. Payco ERA Limited were instructed to process the employee claims and 35 claims have been received to date. Those employees who have not submitted a claim will be excluded from the distribution.

3 Assets still to be realised

- 3.1 All assets were realised during the preceding Administration. Further funds may be available subject to the outcome of the investigations

4 Investigations

- 4.1 The Joint Liquidators conducted investigations into the conduct of the directors and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986, and Statement of Insolvency Practice 2 - Investigations by Office Holders in Administrations and Insolvent Liquidations. Based upon the outcome of the Joint Liquidators' investigations, there were no matters identified that required further action in respect of the directors' actions.
- 4.2 As detailed in section 2.9, the Joint Liquidators have been investigating into the events leading to the previous appointment of Joint Administrators and the conduct of the pre-packaged sale of the Company's business and assets

5 Joint Liquidators' remuneration

- 5.1 The basis of the Joint Liquidators' remuneration was approved by the meeting of creditors held on 26 January 2012 as being by reference to the time properly spent by the Joint Liquidators and their staff on matters arising in the Liquidation
- 5.2 The Joint Liquidators' time costs for the period 2 December 2011 to 1 December 2012 are £116,950. A total of £91,000 are time costs relating to the investigations. This represents 359 hours at an average rate of £326 per hour. A Time Analysis for the period which provides details of the costs incurred by activity and by staff grade is attached at Appendix B

5.3 Principal areas of activity during the period are discussed in further detail below.

- **Administration and planning** - time has been incurred implementing and monitoring the case strategy, complying with statutory duties and performing general administrative work. Case related treasury and support time is also recorded here.
- **Investigations** - time has been incurred conducting investigations into the directors' conduct together with the Company's dealings prior to the appointment of the Joint Liquidators and the submission of a report to the Department for Business, Innovation and Skills pursuant to the Company Directors Disqualification Act 1986. Time has also been incurred investigating the events leading to the previous appointment of Joint Administrators and the sale of the business and assets of the Company including in accordance with SIP 16. This has included reviewing books and records, investigating matters concerning dealings with Company monies, the consideration achieved for particular assets within the sale and a review into the secured debt.
- **Realisation of assets - floating charge** - time recorded within this category includes dealing with notarisation of documents and patents for BCL and liaising with their solicitor regarding the leasehold properties.
- **Creditors** - time has been spent gathering information in order to deal with employee claims and liaising with the Employment Tribunal. Time has also been spent dealing with creditor correspondence and reviewing unsecured claims.

5.4 The Joint Liquidators are authorised to draw fees as and when funds are available, however, no fees have been drawn on account to date.

5.5 Additional information in relation to the Joint Liquidators' policy on staffing, the use of sub-contractors, payment of disbursements and details of their current charge out rates by staff grade is provided at Appendix C

6 Estimated outcome for creditors

Secured creditor - Lytham Holdco Limited (LHL)

6.1 All monies available to LHL were distributed during the Administration period. No further payments will be made from the Liquidation.

Preferential creditors

6.2 All employees of the Company transferred to BCL under the Transfer of Employment (Protection of Employment) Regulations 2006. There are therefore no preferential creditors of the Company.

Unsecured Creditors' Fund

6.3 Pursuant to section 176A of the Insolvency Act 1986, where there is a floating charge which post-dates 15 September 2003, the Joint Liquidators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (Unsecured Creditors' Fund), commonly known as the prescribed part

- 6.4 As the Company granted a floating charge to the secured creditor after 15 September 2003, the Joint Liquidators are required to create an Unsecured Creditors' Fund. The Joint Liquidators confirm that the maximum amount available for the Unsecured Creditors' Fund is £600,000.
- 6.5 Based on current information, unsecured creditors' claims are anticipated to total approximately £55 million. The PPF claim totals £53 million. The dividend amount is likely to be in the region of less than one pence in the pound, subject to confirmation of unsecured claims received.
- 6.6 The Joint Liquidators are unable to confirm the likely timing of the distribution as this is dependant upon the outcome of their investigation. All creditors will be advised further in due course.

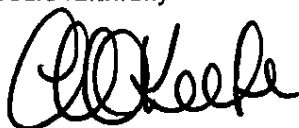
7 Creditors' rights

- 7.1 Within 21 days of the receipt of the report, a secured creditor, or an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors) may request in writing that the Joint Liquidators provide further information about their remuneration or expenses which have been itemised in this progress report.
- 7.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% of the value of unsecured creditors) may, within eight weeks of receipt of this progress report, make an application to court on the grounds that the basis fixed for the Joint Liquidators' remuneration is inappropriate, or that the remuneration or the expenses incurred by the Joint Liquidators as set out in this progress report are excessive.

8 Next report

- 8.1 The Joint Liquidators are required to provide a progress report within two months of the end of the next year of the Liquidation. If the Liquidation has been completed before then a final meeting will be called, and a draft report circulated before that meeting.

Yours faithfully



Anne O'Keefe
Joint Liquidator

Encs

Receipts and Payments Account for the period 2 December 2011 to 1 December 2012

Appendix A

	£
Floating charge assets	
Receipts	
Surplus from Administration	630,859
Contribution to notary fees	606
Bank interest	1,178
	<u>632,643</u>
Payments	
Legal fees	3,176
Professional fees	487
Category 1 disbursements.	
Stationery and postage	5,360
Statutory advertising	151
Notary fees	580
	<u>(9,754)</u>
Total balance	<u>622,889</u>
 Represented by	
VAT receivable	511
Interest bearing account	22,378
One month fixed deposit	600,000
	<u>622,889</u>

Statement of Insolvency Practice 7 states the headings used in the receipts and payments account should follow those used in any prior statement of affairs (SOA) or estimated outcome statement.

The SOA was provided by the Company's directors at the commencement of the Administration and provided estimated to realise values for the categories of assets to be realised.

The receipts on the R&P above represent funds passed into Liquidation from the Administration, and as such, a meaningful comparison to the SOA by category cannot be made.

Time Analysis for the period 2 December 2011 to 1 December 2012

Appendix B

	Employee grade (hours)				£		
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
Administration and planning							
Planning			2.8		2.8	644.00	230
Strategy and control	1.2	2.4	9.2	0.2	13.0	3,369.00	259
Statutory duties		0.4	0.9	3.6	4.9	749.00	153
Case administration	2.3	1.0	2.3	2.6	8.2	1,976.50	241
Accounting and treasury	0.1	3.3	3.0	17.3	23.7	3,504.00	148
Internal documentation		0.1	1.1	7.8	9.0	1,181.50	131
Investigations							
Director conduct reports	6.0	0.2	1.9	4.0	12.1	3,000.00	248
Other investigations	40.8	167.5		13.0	221.6	90,905.50	410
Realisation of assets / floating charge							
Asset identification and valuation			0.3		0.3	69.00	230
Sale of assets	1.1		0.7		1.8	650.50	361
Recovery of assets			2.0		2.0	460.00	230
Dealing with third party assets			3.4		3.4	782.00	230
Asset accounting and administration	0.2	1.0	8.8	11.1	21.1	2,704.50	176
Creditors							
Creditor claims		0.2	1.0		1.2	283.00	236
Reporting to creditors			0.1		0.1	23.00	230
Creditor meetings			0.3		0.3	69.00	230
Unsecured creditors		0.8	7.0	3.6	11.4	2,244.00	197
Employees		0.6	6.4	14.6	21.6	3,335.00	154
Totals	51.7	177.8	51.2	77.8	358.5	116,949.50	326

Additional information in relation to the Joint Liquidators' remuneration pursuant to Statement of Insolvency Practice 9

Appendix C

1 Policy

Detailed below is Zolfo Cooper's policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors, and
- disbursements.

1.1 Staff allocation and the use of sub-contractors

The Joint Liquidators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The case team will usually consist of a partner, a senior associate, an associate and an analyst. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Joint Liquidators' charge-out rate schedule below provides details of all grades of staff and their experience level

With regard to support staff, time spent by treasury in relation to specific tasks on an assignment is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The following services are being provided on this assignment by external sub-contractors

Service type	Service provider	Basis of fee arrangement	Cost to date £
Employee claim processing	Payco ERA Limited	Time costs	487

1.2 Professional advisors

On this assignment the Joint Liquidators have used the professional advisors listed below. The Joint Liquidators have also indicated alongside, the basis of their fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
SNR Denton UK LLP (legal advice)	Hourly rate and disbursements

The Joint Liquidators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them.

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Any properly reimbursed expenses incurred by the Joint Liquidators and their staff will also be chargeable.

Category 2 disbursements do require prior approval by creditors before they are paid. If they are incurred, they will be drawn in accordance with the resolution approved by creditors. Category 2 disbursements that may be incurred are as follows.

- Photocopying - charged at the rate of ten pence per sheet for notifications and reports to creditors and other copying.
- Printing - charged at the rate of ten pence per sheet for black and white printing and 15 pence per sheet for colour.
- Business mileage for staff travel, charged at the rate of 45 pence per mile.

2 Charge-out rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 January 2011 is detailed below. Time is charged by partners and staff in units of six minutes.

Description	£
Partner/director	
Partner 1*	445
Partner 2*	395
Director	340
Senior associate	
Senior associate 1*	315
Senior associate 2*	265
Associate/analyst	
Associate	230
Analyst*	220
Junior analyst and support staff	
Junior analyst*	115
Senior treasury associate	155
Treasury associate	105
Treasury analyst	80
Support	75
Key	
<i>Partner 1 - partners with three or more years' experience at partner level</i>	
<i>Partner 2 - partners with fewer than three years' experience at partner level</i>	
<i>Senior associate 1 - staff with two or more years' experience at senior associate level</i>	
<i>Senior associate 2 - staff with fewer than two years' experience at senior associate level</i>	
<i>Analyst - staff with more than one year's experience at analyst level</i>	
<i>Junior analyst - first year analysts</i>	