

The Insolvency Act 1986

Administrator's progress report

Name of Company

Duchy Timber Limited

Company number

00912830

In the
High Court of Justice, Bristol District Registry
(full name of court)Court case number
760 of 2013(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
David Gerard Kirk
Kirks
5 Barnfield Crescent
Exeter
Devon
EX1 1QTGilbert John Lemon
Smith & Williamson LLP
Portwall Place
Portwall Lane
Bristol
BS1 6NA

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

From

To

(b) Insert date

(b) 4th November 2013

(b) 3rd May 2014

Signed


Joint / Administrator(s)

Dated


2/6/14**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
formThe contact information that you give
will be visible to searchers of the
public recordDavid Gerard Kirk
Kirks
5 Barnfield Crescent
Exeter
EX1 1QT

DX Number

01392 474303
DX Exchange

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COMPANIES HOUSE

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When you have completed and signed this form, please send it to the
Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

SATURDAY

**Duchy Timber Ltd
(In Administration)**

Administrator's progress report in accordance with
Rule 2 47 of the Insolvency Rules 1986

For the period from 4th November 2013
to 3rd May 2014
(Report date 29th May 2014)

David Kirk ACA FABRP
Kirks
5 Barnfield Crescent
Exeter
Devon
EX1 1QT

Gilbert Lemon
Smith & Williamson LLP
Portwall Place
Portwall Lane
Bristol
BS1 6NA

SUMMARY INFORMATION

Court	High Court of Justice, Bristol Chancery Division Court No 760 of 2013
The Company	Duchy Timber Ltd
Registered Number	00912830
Registered Address	5 Barnfield Crescent, Exeter, Devon, EX1 1QT
Trading Addresses	<ul style="list-style-type: none">- Finnimore Ind Est, Ottery St Mary, EX11 1NR- Downend, Lostwithiel, Cornwall PL22 0RB- Woodland Rd, Torquay, Devon TQ2 7AT
Activity	Sawmill and timber merchant
Date of the Administration Order	4 th November 2013
Administration applied for	By the Director
Purpose of Administration Order	A more advantageous realisation of the company's assets than would be likely in a winding up
Administrators	David Kirk, Kirks, 5 Barnfield Crescent, Exeter, Devon, EX1 1QT Gilbert Lemon, Smith & Williamson LLP, Portwall Place, Portwall Lane, Bristol BS1 6NA
Date of Approval of Proposals	10 th January 2014
Extensions to Administration period	None
Statutory end of Administration period	3 rd November 2014

Introduction

This report has been prepared in accordance with Rule 2.47 of the Insolvency Rules 1986 to provide creditors with an update on the progress of the Administration of Duchy Timber Ltd ("the Company") for the period from 4th November 2013 to 3rd May 2014. It should be read in conjunction with our previous reports and correspondence to creditors

The following attachments accompany this report

Appendix A – Administrator's proposals approved at the meeting on 10th January 2014
Appendix B – Receipts and payments account for the period 4th November 2013 to 3rd May 2014
Appendix C(i) – Analysis of Kirks' time costs during the period of the report
Appendix C(ii) – Analysis of Smith & Williamson's time costs during the period of the report.

Overall Strategy

The Administrator of a company must perform his functions with the objective of

- 1) rescuing the company as a going concern, or
- 2) achieving 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), or
- 3) realising property in order to make a distribution to one or more secured or preferential creditors

Prior to our appointment on 4th November 2013 we had undertaken a brief review of the Company's financial affairs. We concluded that in the absence of an injection of funding the Company would have insufficient funds to enable it to carry on trading beyond one week following our appointment. In the circumstances a pre-packaged sale was considered the best option and helped achieve objective 20 above

Asset Realisations

Plant and Machinery

ES Group had previously been instructed to prepare a sales pack in late September 2013 and discreetly market the business. From this campaign a number of offers were received and as previously reported an offer, recommended by the agents, was accepted of £325,000 from Kernow Timber Ltd, a company owned and controlled by Adrian High

From the sale proceeds, the chattel mortgage due to Lloyds Bank Commercial Finance Ltd was settled in the sum of £118,898 10

Book debts

At the date of our appointment there were trade account debtors of approximately £618,520 that were subject to an invoice finance agreement with Lloyds Bank Commercial Finance Ltd. At that date £352,218 plus termination charges was owed to the bank under the factoring arrangement and a further £125,377 secured under their fixed and floating charge

Lloyds Bank Commercial Finance Ltd collected a total of £398,084 and have charged a total fee of £80,966 inclusive of VAT. The remaining ledger has been transferred to us as administrators for further collection. We have instructed collection specialists, Credebt, to collect in those remaining debtors. They will charge a fee of 12.5% of collections on a no win, no fee basis

Credebt initially received a handover ledger from LBCF totalling £261,244 which on review they estimated could result in recoveries of £175,894, taking account of agreed write-offs and disputed

Duchy Timber Limited (In Administration)
Progress Report May 2014

debts at that time. As the ledger was only re-assigned by LBCF in the middle of April the residual collect out is at an early stage and the first full report and cheque is due from Credet within the next week.

Overdrawn Directors Loan Account

A review of the company records has indicated that there may be an overdrawn director's loan account of £66,000. Further investigations are ongoing and should it become clear that this is outstanding appropriate steps will be taken to recover the sums due.

Cash at Bank

Cash held in the company's bank account has been recovered in the sum of £1,660.29. There have also been funds received from the company's cardnet account in the sum of £12,105.91.

Other receipts

Rates refunds totalling £8,330 have been received in respect of each of the trading premises. A further £127.95 bank interest has been received.

Administrator's Remuneration

The Administrators incurred combined pre Administration costs of £33,271.25. These fees were approved by creditors at the meeting held on 10th January 2014. The work carried out pre Administration included instructing solicitors and business sale agents, liaising with said third parties, assisting with matters and advising directors of their duties and responsibilities. We have not yet drawn on account of these fees.

Our fees as Administrator were approved on 10th January 2014 by creditors by reference to the time properly given by us and our staff in attending to matters arising in the Administration on a time cost basis.

Time costs total £137,049.25, being 523.3 hours at an average hourly rate of £261.89. Attached at Appendix C(i) and C(ii) are analyses of our time costs. These costs have been incurred in asset realisations, correspondence with the directors and creditors, liaison with agents and solicitors, cashiering duties and general administration including compliance with statutory matters.

We have not drawn any fees on account of this to date.

Expenses of £240 have been recovered by us in respect of bond fees and £169.20 in statutory advertising.

The following pre appointment expenses approved by creditors at the meeting on 10th January 2014 have been paid:

Ashfords Solicitors	£25,281.50
ES Group	£8,407.87

Should any secured creditor or unsecured creditor with the agreement of at least 5% in value of unsecured creditors require any further information about the Administrators remuneration or expenses please write to me within 21 days of receipt of this report stating the information required.

Alternatively any unsecured creditor may make an application to court within that period under Rule 2.48A to request further information.

Charge Out Rates – Kirks

A schedule of Kirks (formerly Kirk Hills Insolvency) charge out rates effective from 1st November 2013 is as follows,

Director - Insolvency Practitioner	£350
Senior Manager – Insolvency Practitioner	£300
Insolvency Case Manager	£225
Senior Administrator	£180
Administrator	£140
Support staff	£110

The charge out rates prior to 1st November 2013 were as follows,

Insolvency Practitioner	£325
Insolvency Manager	£220
Senior Administrator	£160
Administrator	£115
Support Staff	£ 80

The charge out rates are subject to periodic reviews and change. Time is charged in units of 6 minutes. Details of previous charge rates are available upon request.

Smith & Williamson LLP's policy in relation to: Staff allocation and the use of subcontractors, Professional advisors, Disbursements

Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a partner and a partner or associate director as joint office holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services utilised in the period covered by this report are set out in the body of this report.

Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including

The industry and/or practice area expertise required to perform the required work

The complexity and nature of the assignment

The availability of resources to meet the critical deadlines in the case

The charge out rates or fee structures that would be applicable to the assignment

The extent to which we believe that the advisers in question can add value to the assignment

Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Our policy is to recover only one type of Category 2 disbursement, namely business mileage at HM Revenue & Customs' approved mileage rates at the relevant time.

Details of any Category 2 disbursements incurred and/or recovered in the period covered by this report are set out in the body of this report.

Charge out rates – Smith & Williamson

Since July 2013 the rates are as follows

	London office £	Regional offices £
Partner	480	350-375
Associate Director	370	295-325
Managers	235 - 310	190 - 285
Other professional staff	150-235	110 – 170
Support & secretarial staff	85	28 – 75

Notes

1. Time is recorded in units representing 3 minutes or multiples thereof.
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual case.
3. The firm's cashing function is centralised and London rates apply.

Creditors

Secured Creditors

The following charges were registered against the company

Date of creation	Person entitled	Amount secured	Security held
27/07/2011	Lloyds Bank Commercial Finance Ltd	All monies due or to become due	Chattel mortgage against plant
27/07/2011	Lloyds Bank Commercial Finance Ltd	All monies due or to become due	All assets debenture
20/09/2011	Lloyds Bank Plc	All monies due or to become due	Fixed and floating charge

Duchy Timber Limited (In Administration)
Progress Report May 2014

From the sale proceeds, the chattel mortgage due to Lloyds Bank Commercial Finance was settled in the sum of £118,898 10

The all assets debenture to Lloyds Bank Commercial Finance Ltd has been cleared by the collection of book debts and there were no funds due to Lloyds Bank plc under their fixed and floating charge

Preferential Creditors

The only preferential creditor that we are aware of is the Redundancy Payments Office in respect of the sums it has paid to the employees who were made redundant prior to our appointment. We have not yet received details of what this claim will amount to but we would estimate it to be at least £6,412

There will also be a claim from the Redundancy Payments office for the unsecured element of the employee claims.

Unsecured Creditors

Unsecured creditor claims are now estimated at £1,974,660. This relates to 107 claims received and 100 claims still outstanding. This includes £480,000 deferred consideration due to the former owner, Adrian High.

As you may be aware, it is not usually the duty of the Administrator to adjudicate upon the claims of unsecured creditors. This is the responsibility of the subsequently appointed Liquidator.

On present information, it is anticipated that a small dividend payment will be made to unsecured creditors but we are unable to estimate the quantum or timing of this at this stage as this is subject to collection of the residual debtor ledger.

PRESCRIBED PART

Under the provisions of Section 176A of the Insolvency Act 1986 the Administrator must state the amount of funds available to unsecured creditors in respect of the prescribed part. This provision only applies when a company has granted a floating charge after 15 September 2003.

In this case, there will not be any claim due under the floating charge as all debts to Lloyds will be cleared by the book debt collections under their fixed charge. Therefore there is no calculation due for a prescribed part.

Conclusion

It is anticipated that the Company will move from Administration into Creditors Voluntary Liquidation in the next few months.

We will continue to collect the outstanding book debts and realise any further assets.

Should any creditor have any queries regarding this report, please do not hesitate to contact me.



David Kirk
Joint Administrator (with Gilbert Lemon of Smith & Williamson LLP)

Dated 29th May 2014

APPENDIX A

Administrator's Proposals as Approved

The following proposals were approved by the creditors on 10th January 2014 for achieving the purposes of the administration order dated 4th November 2013

That the Administrators continue to realise the property and assets of the Company in order to have funds available for the unsecured creditors; and that the Administrators exit the Administration in accordance with the provisions of paragraph 12 of these proposals.

That unpaid pre Administration fees of £33,271.25 plus VAT be approved by creditors for payment under Rule 233 where no Creditors' Committee is established

That unpaid pre-Administration costs in respect of Ashfords LLP, in the sum of £21,218 50 plus VAT and disbursements, under Rule 2.33 of the Rules, be approved for payment in accordance with Rule 2.67A of the Rules.

That unpaid pre-Administration costs in respect of ES Group, in the sum of £8,100 plus VAT and disbursements, under Rule 2.33 of the Rules, be approved for payment in accordance with Rule 2.67A of the Rules

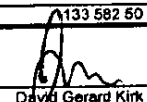
That the Administrator's remuneration be agreed on a time cost basis, subject to approval by the creditors' committee, if appointed together with approval to draw Category 2 disbursements, limited to mileage at the current Inland Revenue published rate

In the absence of the appointment of a creditors' committee (see 13 above) It is proposed that we be discharged from liability in respect of the administration pursuant to paragraph 98 of Schedule B1 to the Insolvency Act 1986 with effect from the date on which our Form 2.34B to convert the administration into a creditors' voluntary liquidation is registered by the Registrar of Companies or alternatively upon filing of notice of move to dissolution, whichever is appropriate

**Duchy Timber Limited
(In Administration)**

**Joint Administrator's Abstract Of Receipts And Payments
To 03 May 2014**

RECEIPTS	Statement of Affairs (£)	Total (£)
note 1 Plant & Machinery	257,500 00	258,000 00
note 1 Book Debts Surplus From LBCF	181,802 00	10,053 06
Book Debts Collected by Administrators		489 13
Motor Vehicles	17,000 00	17,000 00
Stock	50,000 00	50,000 00
Cash at Bank	2 181 00	1 680 29
Cash at bank cardnet		12,105 91
Bank Interest Net of Tax		127 95
Rates refunds		8,330 98
Initial Deposit		1,000 00
		<u>358 747 32</u>
PAYMENTS		
Purchases re ROT		14,500 00
Rents		1,638 83
Heat & Light		0 74
Insurance		1 703 69
Note 2 Balance of LBCF Collection Fees		37 877 80
Lloyds Bank Commercial Finance - chattel mortgage	(125 377)	118,898 10
Specific Bond		240 00
Agents/Valuers Fees		8,100 00
Agents Disbursements		307 87
Legal Fees		25,207 50
Legal Fees - Disbursements		74 00
Statutory Advertising		189 20
Wages & Salaries		18 247 29
		<u>225,184 82</u>
Net Receipts/(Payments)		<u>133 582 50</u>
MADE UP AS FOLLOWS		
Bank 1 Current		121,717 52
VAT Receivable / (Payable)		11 884 98
		<u>133 582 50</u>


David Gerard Kirk
Joint Administrator

- Note 1** The debtor figure shown here does not reflect the total collections to date as initial debtor payments have been direct to LBCF under the factoring agreement in place and have therefore not been processed through the administrators bank account. Full details of collections are shown within the body of the report
- Note 2** This reflects the balance of the charges due to LBCF and a further sum of £29 494 17 plus VAT was deducted direct from the debtor funds collected before they accounted to the administrators for the balance of funds held
- General Notes** Joint administrators fees are calculated on a time costs basis
Information concerning the joint administrators remuneration is provided in the body of the report
Information concerning the ability to challenge remuneration of the administration is provided in the body of the report
No payments have been made to the joint administrators from outside the estate
All amounts in the receipts and payments account are shown exclusive of VAT VAT is expected to be payable/recoverable
The current account is interest bearing
There are no foreign currency holdings

Kirks

[illegible]

Case Name:
Court Ref

Duchy Timber Limited
High Court of Justice Bristol District Registry No 760 of 2013

Summary of Joint Administrators Time for the period 4 November 2013 to 3 May 2014

Name of Joint Administrator Gilbert J Lennon

Firm Smith & Williamson LLP

Address Portwall Place, Portwall Lane, Bristol BS1 6NA

Telephone: 0117 376 2000

Reference DU395

Type of Appointment: Administration

Date of Appointment: 04-Nov-13

Function (hours)	Partner	Senior Manager	Manager	Professional staff	Total hours by function	Total hours by activity	Total cost by function	Time cost by function by activity	Average cost by function by activity	Average cost by activity
Administration and planning										
Case planning	18 00	14 15	1 05	9 35	84 05	42 55	20,154 25	11,524 50	239 79	270 85
Case set up				3 00		3 00		405 00		135 00
Appointment notification										
Maintenance of records		0 80		7 75		8 55		1,258 25		147 16
Statutory returns		6 10		5 80		11 90		2,400 75		201 74
Six monthly reviews	7 00	4 45		4 75		16 20		4,270 50		263 61
Closure										
Cashiering/AML		0 35		1 50		1 85		295 25		159 59
SLP2 review				11 25	13 45	11 25	2,101 75	1,518 75	156 26	135 00
Disqualification report		2 20				2 20		583 00		265 00
Investigating antecedent transactions										
Identifying, securing and insuring assets										
Retention of title					93 95		26,729 25		284 51	
Debt collection										
Property, business and assets sales	44 50	34 45		15 00		93 95		26,729 25		284 51
Business management										
Accounting/book-keeping										
Employees										
Review										
Creditors										
Reporting		1 70			33 10	1 70	10,161 50	450 50	306 99	265 00
Correspondence	11 25	2 30				13 55		4,547 00		335 57
Preferential claims										
Non-preferential claims	6 25	10 85		0 75		17 85		5,164 00		289 30
Case specific matters										
Accounts					0 45		90 00			
Bill preparation			0 45			0 45		90 00		200 00
Tax Reviews										
Travel										
Total time (hours)	87 00	77 35	1 50	59 15	225 00	225 00	59,236 75			
Total cost (£)	30,450 00	20,497 75	300 00	7,989 00				59,236 75		
Average hourly rate	350 00	265 00	200 00	135 06				263 27		263 27
Less already drawn										
Balance - <written off/carried forward>								59,236 75		

All time is charged in units representing 3 minutes or multiples thereof