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The Insolvency Act 1986

Administrator's progress report

Name of Company A Baker & Sons (Jewellers & Silversmiths) Limited	Company number 01218366
In the High Court of Justice, Birmingham District Registry (full name of court)	Court case number 8009 of 2012

We, Arvinder Singh-Sall
Moore Stephens LLP
One Cornwall Street
Birmingham
B3 2DX

James Martin
Moore Stephens LLP
One Cornwall Street
Birmingham
B3 2DX

administrators of the above company attach a progress report for the period

(b) Insert date

From (b) 14 December 2012	To (b) 3 June 2013
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Signed

Arvinder Singh-Sall
Joint Administrator

Dated

3 June 2013.

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

Arvinder Singh-Sall
Moore Stephens LLP
One Cornwall Street
Birmingham
B3 2DX

DX Number

0121 233 2557
DX Exchange

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



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Strictly Private & Confidential

A. BAKER & SONS (JEWELLERS & SILVERSMITHS) LIMITED ("THE COMPANY")

Report to the creditors in accordance with Rule 2.47 of the Insolvency Rules 1986

3 June 2013

This report contains 10 Pages

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This report is intended for use by those parties entitled to a copy thereof under Rule 2.47 of the Insolvency Rules 1986. It may contain information that is privileged, confidential or exempt from disclosure and any dissemination, distribution or copying of it and its attachments is strictly prohibited.

Any estimated outcomes for creditors are for illustration only and cannot be relied upon as guidance as to the actual outcome for creditors.

Arvindar Singh-Sall and James Martin are authorised in the UK to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The affairs, business and property of the Company are being managed by the Joint Administrators' who act as Agents of the Company without personal liability.

1 Statutory information

Company name.	A Baker & Sons (Jewellers & Silversmiths) Limited
Company number	01218366
Registered office	One Cornwall Street Birmingham B3 2DX
Court reference	Birmingham County Court No 8009 of 2012
Date of appointment	13 January 2012
Joint Administrators	Arvinder Singh-Sall James Martin
	There have been no changes in the office holders
Joint Administrators' address	One Cornwall Street Birmingham B3 2DX
Paragraph 100(2) statement	The functions and powers of the Joint Administrators may be exercised by either or both of the Joint Administrators jointly and severally
Appointor	Habib Bank AG Zurich ("the Bank")
Appointor's address	377 Station Road Harrow Middlesex HA1 2AW

2 Progress to date

- 2 1 A detailed explanation of the background leading to the appointment of the Joint Administrators and the steps taken post appointment was included in the Joint Administrators' proposals of 5 March 2012
- 2 2 There have been no deviations or amendments to the original proposal which was approved without modifications
- 2 3 The Administration was extended by an order of the court until 13 July 2013 as asset realisations were on-going. It is anticipated that a further extension will be sought, the reasons for which are set out in this report
- 2 4 The receipts and payments account attached at Appendix I details the asset realisations to date.

Stock

- 2 5 As previously reported, all stock has now been realised

Pawn Stock

- 2 6 As previously advised, the Company operated a pawn book from the Eccleston Street premises, with the credit agreements in the name of either B & B Cheque & Pawnbroking Limited ("B&B") or Pryors of Prescott, and not in the name of the Company. The director, Laurence Levey, acquired the business of B&B several years ago and Pryors of Prescott was a trading style used by the Company at Eccleston Street
- 2 7 Following the advice of the Administrators' solicitors, SGH Martineau LLP ("Martineau"), customers with agreements in the name of Pryors of Prescott have been contacted and the pledged items are in the process of being returned to them in exchange for the repayment of the principal sum advanced by the Company
- 2 8 I was advised by Martineau to make an application to Court to seek directions as to the Administrators' powers to deal with the credit agreements in the name of B&B. The initial hearing of 13 September 2012 was adjourned until 4 January 2013 where the judge ordered that practical attempts should be made to establish the true owners of the items. Therefore, the following steps were taken
- An advert was placed in a newspaper local to the Prescott area appealing to the public to contact the Administrators if they think they may have a claim to an item,

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- A notice was placed in the window of the Eccleston Street property making the same appeal, and
- Customers whose details were held by the Administrators were contacted and items are in the process of being returned to them in exchange for the repayment of the principal sum advanced by the Company

- 2 9 The judge proposed to limit the timeframe for any claim to be made to three months and a further hearing at court has been listed for 10 June 2013 to determine how to deal with the unclaimed items
- 2 10 In respect of the aforementioned pawnbroking, you will see on the enclosed receipts and payments account that £2,045 has been received to date, £1,055 of which was received since my last report. A further £1,000 is expected to be recovered in due course

Debtor

- 2 11 By way of reminder, in early 2011 the Company sold stock to an individual ("the Debtor") for £100,000, which was due to be repaid in full during May 2011. Prior to the Company entering into Administration, the Company served a statutory demand on the Debtor as the £100,000 remained unpaid, which the Debtor successfully applied to have set aside.
- 2 12 Pursuant to a Tomlin Order dated 5 December 2012, it was agreed that all further steps in this action be stayed and the Debtor shall pay the sum of £120,000 in cleared funds by 1 February 2013 in full and final settlement of any and all claims between the parties, including interest and costs. Of the settlement, a sum of £20,000 will be paid directly to Martineau in respect of their costs in making the application.
- 2 13 The Debtor failed to meet his obligations under the Tomlin Order and a significant amount of time has since been spent corresponding with him.
- 2 14 Following service of a post Administration Statutory Demand, the Debtor applied (without notice) to the court on two occasions, the final application was to seek an order that the bankruptcy petition could not be issued before 30 April 2013. The Debtor was successful. We have received £55,000 from the Debtor to date and are in the process of agreeing a repayment plan for the remaining balance. The sum of £55,000 is being held by Martineau and is not shown on the enclosed receipts and payments account.

3 Investigations

- 3 1 An appropriate report/return on the actions of the directors has been forwarded to the Disqualification Unit of the Department for Business Innovation & Skills in accordance with the Joint Administrators' statutory duties. Please note that the contents of this report/return are of a privileged and confidential nature and so cannot be disclosed to third parties.

4 Pre appointment costs and expenses

- 4 1 Moore Stephens LLP incurred time costs of £8,175 prior to appointment.
- 4 2 These time costs arose primarily as a result of liaising with the Habib Bank AG Zurich ("the Bank") and Martineau in order to secure our appointment as Joint Administrators. A significant amount of time was spent understanding the priority of charges registered against the Company. Time was also spent liaising with Aticus Recovery Limited ("Aticus") and my agents, Robson Kay & Co Limited ("Robson"), with a view to securing the Company's assets.
- 4 3 Authorisation was sought from the secured creditors and the requisite majority of preferential creditors that the time costs incurred prior to appointment with a view to placing the Company into Administration by Moore Stephens LLP in the sum of £8,175 and pre Administration expenses of £6,007.35 be approved. As one of the secured creditors did not provide the requisite authority, an application to court was made on 15 May 2013 to determine whether and to what extent the unpaid pre-administration costs are approved for payment. The application has not yet been listed for a hearing.
- 4 4 To date, no pre appointment costs have been drawn.

5 Joint Administrators' remuneration and category 2 disbursements

- 5 1 The basis of the remuneration of the Joint Administrators has not been fixed. Authorisation for the basis of the remuneration of the Joint Administrators was sought from the secured and preferential creditors. As one of the secured creditors did not provide the requisite authority, an application to court was made on 15 May 2013 to determine the basis of the Administrators' remuneration. The application has not yet been listed for a hearing.

5 2 The time costs incurred to date have arisen primarily as a result of

- corresponding with pawnbroking customers and identifying and returning their goods,
- making the application to court for directions in this matter, as the pawnbroking business was not in the name of the Company,
- pursuing the Debtor and compiling witness evidence for the summary judgement application,
- liaising with the Debtor since the Tomlin Order and collecting receipts,
- locating and managing the sale of the Company's stock,
- reviewing all Company records to establish potential asset location, and
- dealing with the statutory functions required under the Insolvency Act and Rules and also enquires from creditors.

5 3 A detailed breakdown of the Joint Administrators' time costs and category 2 disbursements together with current charge out rates are attached at Appendix II

To date, no fees have been drawn

5 4 Should you wish to receive a copy of "A Creditors' Guide to Administrators' Fees" this is available on the Moore Stephens website <http://www.moorestephens.co.uk/corporaterecovery.aspx> or by requesting a copy from this office in writing or by telephone

6 Joint Administrators' expenses

6 1 A schedule of all expenses incurred in the period have been detailed at Appendix III.

Legal fees and expenses

6 2 Legal fees and expenses of £72,000 have been incurred by Martineau but not yet drawn, of which approximately £30,000 to £40,000 has arisen as a result of issuing proceedings and corresponding with the Debtor. The remaining costs incurred relate to advice regarding the priority of the secured creditors, making an application to court for the pawned stock and general ad hoc legal advice.

6 3 A sum of £2,425.50 plus VAT has been paid to Martineau in respect of disbursements only

7 Creditors' rights

7 1 Within 21 days of receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) or any unsecured creditor with the permission of the court may request in writing that the Joint Administrators provide further information about their remuneration or expenses (other than pre-Administration costs) which have been itemised in the progress report

Within 14 days of receipt of the request, we must provide all of the information asked for, except so far as we consider that

- the time or cost of preparation of the information would be excessive, or
- disclosure of the information would be prejudicial to the conduct of the Administration if or might reasonably be expected to lead to violence against any person or
- we are subject to an obligation of confidentiality in respect of the information

We are also required to give reasons for not providing all of the requested information

Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may, within 8 weeks of receipt of this progress report make an application to court on the grounds that the basis fixed for the Joint Administrators' remuneration, the remuneration charged, or the expenses incurred by the Joint Administrators as set out in the progress report are excessive

8 Liabilities

Secured creditors

8.1 Companies House charges register shows three debentures secured against the Company in favour of

- Barclays Bank Plc ("Barclays") dated 24 January 2005,
- Mr and Mrs Levey dated 20 July 2007 ("the Directors"), and
- Habib Bank AG Zurich ("the Bank") dated 25 July 2007

8.2 As previously advised, we have been liaising with all parties and their solicitors in an attempt to establish whether the Barclays debenture had been satisfied from monies loaned from the Bank and whether a deed of subordination dated 31 March 2008 intended to subordinate the latter two debentures

8.3 As co-operation from the solicitors acting at the time of the transaction has been limited, we have obtained Counsel's opinion and we are currently awaiting confirmation from Barclays that funds loaned by the Bank were used to satisfy its debenture, which should result in a subrogated claim for the Bank

8.4 As the charges were registered after 15 September 2003, the prescribed part rules would apply in accordance with S176A of the Insolvency Act 1986

8.5 Once the remaining funds are received from the Debtor, a distribution to the relevant charge holder is expected. A prescribed part would therefore be made available for the unsecured creditors, however at this stage, I cannot confirm the quantum of the prescribed part.

8.6 To date, no payments have been made to secured creditors

Preferential creditors

8.7 Preferential creditor claims of £2,063.82 have been received and agreed, which relate to accrued holiday pay and arrears of wages

8.8 It is anticipated that preferential creditors will be paid in full once the funds have been received from the Debtor

Unsecured creditors

8.9 It is anticipated that there may be a small distribution to the unsecured creditors by virtue of the prescribed part as referred to in section 8.3, however at this stage, I am unable to comment on the amount and timing. Such a dividend will be paid once the Administration has converted to a Creditors' Voluntary Liquidation

8.10 The statement of affairs estimated that unsecured creditor claims would total £64,162 and claims totalling £239,636 have been received to date

This concludes the Joint Administrators' progress report but should you have any queries, please do not hesitate to contact Leanne Wyld on 0121 265 2501

Yours faithfully

Arvindar Singh-Sall

Arvindar Singh-Sall
Joint Administrator

Encs	Appendix I	Receipts and payments account
	Appendix II	Time costs and disbursements
	Appendix III	Summary of accrued and drawn costs

Joint Administrators' receipts and payments account

A. Baker & Sons (Jewellers & Silversmiths) Limited (In Administration)

	Statement of affairs £	From 14/12/2012 To 03/06/2013 £	From 13/01/2012 To 03/06/2013 £
RECEIPTS			
Furniture & Equipment		0 00	370 00
Stock	35,000 00	0 00	38,587 57
Pawn stock	Uncertain	1,055 00	2,045 00
Debtor	Uncertain	0 00	0 00
		<u>1,055 00</u>	<u>41,002 57</u>
PAYMENTS			
Agents Fees & Expenses (Robson Kay)		0 00	8,189 48
Legal Fees & Expenses (SGH Martineau)		2,425 50	2,425 50
Provision of statement of affairs		0 00	2,500 00
Bank Charges		16 00	37 00
Court Fees		0 00	685 00
Insurance		0 00	1,156 42
Storage Costs		0 00	1,015 10
		<u>2,441 50</u>	<u>16,008 50</u>
Net Receipts/(Payments)		<u>(1,386 50)</u>	<u>24,994 07</u>
MADE UP AS FOLLOWS			
VAT Receivable			406 90
Bank 1 - Current (G)			24,587 17
VAT Control Account			0 00
			<u>24,994 07</u>

Breakdown of time costs and category 2 disbursements

A Baker & Sons (Jewellers & Silversmiths) Limited

Summary of Moore Stephens' time-costs from 13/01/2012 to 03/06/2013

	Partner / Associate	Director / Manager	Admin	Support staff	Total hours	Time cost (£)	Av rate £/h
Statutory compliance, administration and planning	0 10	23 75	339 40	28 75	392 00	54,573 85	139 22
Investigations			32 55		32 55	5,045 25	155 00
Realisation of assets	1 50	42 80	103 35	16 10	163 55	36 581 40	223 67
Trading							
Creditors	1 20	8 45	79 45	0 50	89 80	18,416 80	183 22
Tax		0 10	2 75		2 85	379 25	133 07
Case specific matters	0 20	3 80	1 50		5 60	1,663 50	297 05
Total hours	3 00	78 80	559 00	45 35	686 15		
Total time costs £	1,153 75	30 565 25	77,877 55	5,083 50		114,860 05	167 11

Total remuneration drawn on account

NIL

Charge out rates -

Rates effective from	1st-Nov-2012	1st-Nov-2010
Partner / Associate	£370-£530	£355-£510
Manager	£170-£400	£165-£385
Administrator	£55-£210	£53-£200
Support	£30-£115	£30-£110

Time charged in 3 minute units or multiples thereof

Examples of work generally undertaken but not limited to

Pre appointment

- Appointment process
- Providing advice to directors
- Liaising with secured creditors
- Negotiating the sale of the business

Statutory compliance, administration and planning

- Compliance with other regulatory requirements
- Statutory reporting and compliance
- Case planning
- Administrative set up
- Appointment notification
- Maintenance of records

Realisation of assets

- Identifying, securing, insuring assets
- Retention of title
- Property business and asset sales
- Debt collection
- Tax reclaims

Creditors

- Communication with creditors
- Creditors' claims (including employees' and other preferential creditors)

Investigations

- SIP 2 review
- CDDA reports
- Investigating antecedent transactions

Trading

- Management of operations
- Accounting for trading
- On-going employee issues

Tax

- Corporation tax returns
- VAT returns
- Capital gains tax calculations

Case specific matters

- Pension issues

Breakdown of time costs and category 2 disbursements continued

A Baker & Sons (Jewellers & Silversmiths) Limited

Summary of Moore Stephens' category 2 disbursements from 13/01/2012 to 03/06/2013

	Costs incurred £	Costs drawn £
Car mileage	267.59	
Photocopying / printing	623.10	
Total	<u>890.69</u>	<u>NIL</u>
Total undrawn costs to carry forward		<u><u>890.69</u></u>

Category 2 disbursement rates -

Type	Rate
Car mileage	£0.45 per mile maximum
Photocopying / printing	£0.15 per sheet
Colour photocopying	£2.50 per sheet
Fax	£0.40 per sheet
Storage - standard box	£3.90 per box per quarter (min £30 per quarter)
Room hire	£30.50 per hour

Summary of accrued and drawn costs

A Baker & Sons (Jewellers & Silversmiths) Limited

Transaction period 13/01/2012 to 03/06/2013

	Costs incurred £	Costs drawn £
Cost description		
Agents fees & expenses	8,189 48	8,189 48
Legal fees & expenses	72,000 00	2 425 50
Insurance	1 156 42	1,156 42
Court Fees	685 00	685 00
Provision of Statement of Affairs	2,500 00	2,500 00
Bank Charges	37 00	37 00
Subsistence	10 24	
Postage	170 41	
Statutory advertising	172 08	
Specific penalty bond	120 00	
Travel	112 67	
Land registry & company search fees	36 00	
Storage costs	1,561 10	1,015 10
Total	86,750 40	16,008 50
Total undrawn costs to carry forward		70 741 90

Summary of professional services

Professional advisor	Nature of work	Fee arrangement
Robson Kay & Co Limited	Valuers and surveyors	10% sales commission
SGH Martineau LLP	Solicitors	Time costs
JLT Speciality Ltd	Insurance brokers	Risk based premium