

The Insolvency Act 1986

**Administrator's progress report**

Name of Company <b>Centerpac Limited</b>	Company number <b>01658989</b>
In the <b>High Court of Justice, Leeds District Registry</b> <small>[full name of court]</small>	Court case number <b>0046 of 2012</b>

(a) Insert full name(s) and address(es) of administrator(s)

We (a) Francis Graham Newton and Paul Bates of BDO LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU

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

(b) Insert date

From

(b)


4 January 2012

To

(b)

3 July 2012

Signed

  
 Joint Administrator

Dated

27/7/12

**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.

BDO LLP, 1 Bridgewater Place, Water Lane,	
Leeds, LS11 5RU	
Our Ref FGN/KB/DC/00175973/C15	Tel 0113 244 3839
DX Number	DX Exchange



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31/07/2012

#495

COMPANIES HOUSE

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

TUESDAY

**Centerpac Limited  
(In Administration)**

**JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT**

	Statement of affairs £	From 04/01/2012 To 03/07/2012 £	From 04/01/2012 To 03/07/2012 £
<b>RECEIPTS</b>			
Book Debts	893,070.00	0.00	0 00
Goodwill	250,000 00	25,000.00	25,000 00
Sellers Records	40,000 00	40,000 00	40,000 00
Equipment	30,000 00	70,000 00	70,000 00
Motor Vehicles	10,000 00	10,000 00	10,000 00
Stock	700,829.00	55,000.00	55,000 00
Book debts		2,245.32	2,245 32
Insurance Refund		54 27	54 27
Interest Gross		126 18	126 18
Rates Refund		1,961 52	1,961 52
Sundry Refunds		11.52	11 52
		<u>204,398 81</u>	<u>204,398.81</u>
<b>PAYMENTS</b>			
Legal Fees & Disbs		6,023 20	6,023 20
Agents' Fees & Disbs		5,700.00	5,700 00
Book debts		2,245.32	2,245.32
Administrators' Fees		40,000.00	40,000.00
Administrators' Disbursements		1,723.88	1,723.88
Agents' Fees & Disbs		5,690.75	5,690.75
Legal Fees & Disbs		2,000.00	2,000.00
Rates		350.23	350.23
Sundry Expenses		393.53	393.53
Insurance		439.82	439.82
VAT Receivable		12,306.28	12,306.28
		<u>76,873.01</u>	<u>76,873.01</u>
<b>BALANCE - 03 July 2012</b>			<u><u>127,525.80</u></u>



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1 Bridgewater Place  
Water Lane  
Leeds LS11 5RU

TO ALL CREDITORS AND MEMBERS

27 July 2012

Our Ref FGN/KB/DC/00175973/A6

Direct line 0113 204 1276  
Please ask for Debbie Collins  
Email debbie.collins@bdo.co.uk

Dear Sirs

**Centerpac Limited - In Administration ("the Company")**

It is now six months since our appointment as Joint Administrator of the Company. In accordance with Rule 2.47 of the Insolvency Rules 1986 we are now reporting the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration.

**1 Statutory Information**

The Joint Administrators are Francis Graham Newton and Paul Bates of BDO LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU and they were appointed as Joint Administrators of the Company on 4 January 2012.

Under the provisions of paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 the Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.

The Administrators were appointed by Close Invoice Finance Limited being a qualifying floating charge holder, pursuant to Paragraph 14 of Schedule B1 to the Insolvency Act 1986. The Administration proceedings are dealt with in the High Court of Justice, Leeds District Registry and the court case number is 0046 of 2012.

The Company's registered office is situated at BDO LLP, 1 Bridgewater Place, Water Lane, Leeds LS11 5RU and the registered number is 01658989.

We enclose, for your information, a summary of our receipts and payments to date showing a balance in hand of £139,832, together with a copy of our abstract account covering the last six month period, and report as follows.

**2 Receipts**

The receipts shown are largely self-explanatory, although we would comment specifically on the sale of the Company's business and assets.



Completion of the sale of the Company's business and assets to Samuel Grant Group Limited ("Samuel") took place on 11 January 2012, for total consideration of £200,000, apportioned in the Sale and Purchase Agreement ("SPA") as follows:

	£
Equipment	70,000
Stock	55,000
Goodwill	24,998
Intellectual property	1
Business name	1
Seller's records	40,000
Vehicles	10,000
	<u>200,000</u>

Close Invoice Finance Limited ("Close") has provided an invoice discounting facility to the Company since 1995. It is understood that a debt of £836,000 (excluding interest and termination charges) was outstanding to Close at the date of our appointment. The book debt ledger was £893,000 at the date of appointment.

Close has continued to collect the ledger directly following our appointment and collections to date total £850,743. Close anticipates that it will take up to three months to complete the remaining collections.

It is anticipated that no surplus will be available after repayment of Close's debt.

### 3 Payments

Charterfields Limited ("Charterfields") was instructed to act as our agent. Charterfields have been paid £11,390 plus VAT in respect of preparing a valuation report of assets and liaising with all parties expressing an interest in purchasing the Company's business and assets, whether on a going concern or a break up basis.

Our solicitors, Squire Sanders UK LLP ("Squire") have provided legal advice during the Administration, including drafting the SPA. Squire has received £8,023 plus VAT in respect of their legal advice to date.

AUA Insolvency Risk Services Limited has received £439 in relation to insuring the Company's assets.

### 4 Proposals

The Administrators' proposals detailed below were deemed to be approved on 7 March 2012 by the creditors in accordance with R.2 33(5) of the Insolvency Rules 1986:

- (a) They continue to manage the business, affairs and property of the Company on the basis of objective 2 of the statutory purpose for the Administration, being a better result for creditors compared with Liquidation;
- (b) They make payments, when and if available, to the secured and preferential creditors,

- (c) They petition for the compulsory winding up of the Company should the Joint Administrators conclude that additional investigations into the affairs of the Company are necessary;
- (d) If further investigations are not required, they exit the Administration either by way of CVL or dissolving the Company under paragraph 84 of Schedule B1 to the Insolvency Act 1986,
- (e) If exit is via CVL, that Francis Graham Newton and Paul James Bates be appointed Joint Liquidators and they will act with joint and several liability, and  
  
(NB. Please note that under Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117(3) of the Insolvency Rules 1986, creditors may nominate different liquidators provided that the nomination is made after receipt of the proposals but before such proposals are approved. In the absence of such nominations, Francis Graham Newton and Paul James Bates will be Joint Liquidators).
- (f) The Joint Administrators be discharged from liability under the Administration per Paragraph 98 of Schedule B1 to the Insolvency Act 1986, 28 days after the Joint Administrators' file their final report and send it to creditors.

## **5 Proposed exit from the Administration**

The Insolvency Act 1986 and Insolvency Rules 1986 provide a variety of options regarding the possible exit routes for the Company from the Administration. Our proposals stated that we would exit the Administration via Creditors Voluntary Liquidation or dissolution.

If further investigations into the affairs of the Company are required, the Joint Administrators may consider an exit via Compulsory Liquidation.

As it is anticipated that there will be insufficient realisations to enable a distribution to unsecured creditors, it is the Joint Administrators' recommendation that the Company should move from Administration to dissolution once all book debts have been realised and distributions made.

Our proposals stated that the Joint Administrators be discharged from liability under the Administration per Paragraph 98 of Schedule B1 to the Insolvency Act 1986, 28 days after the Joint Administrators' file their final report and send it to creditors.

## **6 Prospects for Creditors**

### **Secured Creditors**

At the date of Administration the Company was funded as follows:

- Overdraft facility provided by National Westminster Bank plc ("the Bank");
- Loan facility provided by the Bank; and
- Invoice discounting facility provided by Close.

The Bank holds security over its indebtedness by way of a fixed and floating debenture registered on 27 February 1997

Close holds security by way of a fixed charge over the book debts and floating charge over all other assets, registered on 27 September 1995 and 11 September 2010 respectively.

The Bank's floating charge security ranks in priority to Close's

It is understood the Bank's global debt totals c£175,000, consisting of a loan (c£25,000), overdraft (c£145,000) and credit card (c£5,000)

The return to the Bank under its fixed and floating charge security is anticipated to be £109,000. This is based upon the assumption that no surplus will arise on book debt realisations after repaying Close's fixed charge security

It is understood that a debt of £836,000 was outstanding to Close at the date of our appointment, prior to termination and collection charges. The recoveries from the book debt ledger are expected to be insufficient to repay Close's lending once interest and termination charges are applied.

Both the Bank and Close hold a personal guarantee from the Director.

#### **Preferential Creditors**

The Company employed 16 staff, of which six (including the Director and Company Secretary) were made redundant immediately following appointment. The remaining employees were retained in order to assist our colleagues

All retained employees were advised of the Administrators' inability to pay wages, due to financial constraints. Regardless, the employees continued to undertake their roles at the Premises mindful that their support assisted in attempts to secure a sale of the Company's business and assets.

All employees were paid by the Company to 31 December 2011

Given that a sale of the Company's business and assets was achieved, retained employees transferred to Samuel under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE"). Preferential claims are expected not to exceed £3,000.

January 2012 salaries for retained employees have been paid by Samuel.

#### **Prescribed Part and Unsecured Creditors**

The Statement of Affairs shows that the amount due to non-preferential creditors totals £1,058,110 (not incorporating non-preferential employee claims)

Under the provisions of Section 176A of the Insolvency Act 1986 the Joint Administrators must state the amount of funds available to unsecured creditors in respect of the Prescribed Part. This provision only applies where the Company has granted a floating charge to a creditor after 15 September 2003. The Company granted a floating charge to Close on 11 September 2010 therefore the Prescribed Part would normally apply. However, we do not anticipate floating charge realisations will be sufficient to enable a distribution to be made to Close under their floating charge, therefore the Prescribed Part will not apply.

It is not anticipated that there will be a distribution to unsecured creditors in this matter.

#### **7 EC Regulations on Insolvency Proceedings**

We are required under the Insolvency Rules 1986 to state whether and if so the extent to which the above Regulations apply to this Administration. The EC Regulations will apply in respect of this Administration and these proceedings will be main proceedings as provided by Article 3 of the aforesaid Regulation.

#### **8 Administrators' Remuneration and Disbursements**

As detailed in our proposals, our remuneration will be subject to the approval of the secured and preferential creditors as set out in Rule 2.106(5A)(a)(b) of the Insolvency Rules 1986.

The Bank in its capacity as the secured creditor and the Redundancy Payments Office ("RPO") as preferential creditor has approved the Joint Administrators' remuneration. With the Bank's and RPO's agreement, to date we have drawn fees of £40,000 and disbursements of £1,723 plus VAT.

We attach a schedule that summarises the time costs incurred to date and indicates the work undertaken in that regard.

Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for those costs to be authorised. These are known as category 1 disbursements. We have incurred and drawn disbursements of £1,723 plus VAT in respect of the Administration.

Some administrators recharge expenses for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors before they can be drawn, and these are known as category 2 disbursements. The policy of BDO LLP is not to charge any category 2 disbursements.

Should you have any queries please do not hesitate to contact our colleague Debbie Collins on 0113 204 1276.

Yours faithfully  
for and on behalf of  
Centerpac Limited



F G Newton  
Joint Administrator

F G Newton & P J Bates are authorised by the Insolvency Practitioners Association  
The Joint Administrators act as agents of the Company and without personal liability

Enc



**Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses:-**

**Rule 2 48A Creditors' request for further information**

(1) If—

- (a) within 21 days of receipt of a progress report under Rule 2 47—
  - (i) a secured creditor, or
  - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
- (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)

(2) The administrator complies with this paragraph by either—

- (a) providing all of the information asked for, or
- (b) so far as the administrator considers that—
  - (i) the time or cost of preparation of the information would be excessive, or
  - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
  - (iii) the administrator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information

(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—

- (a) the giving by the administrator of reasons for not providing all of the information asked for, or
- (b) the expiry of the 14 days provided for in paragraph (1),  
and the court may make such order as it thinks just

(4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just

**Rule 2.109 Creditors' claim that remuneration is or other expenses are excessive**

(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)

(1A) Application may be made on the grounds that—

- (a) the remuneration charged by the administrator,
- (b) the basis fixed for the administrator's remuneration under Rule 2 106, or
- (c) expenses incurred by the administrator,  
is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate

(1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

**Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses (continued):-****Rule 2.109 (continued)**

(3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

(a) an order reducing the amount of remuneration which the administrator was entitled to charge,

(b) an order fixing the basis of remuneration at a reduced rate or amount,

(c) an order changing the basis of remuneration,

(d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,

(e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration

The Insolvency Act 1986

**Administrator's progress report**

Name of Company <b>Centerpac Limited</b>	Company number <b>01658989</b>
In the <b>High Court of Justice, Leeds District Registry</b> <small>[full name of court]</small>	Court case number <b>0046 of 2012</b>

(a) Insert full name(s) and  
address(es) of administrator(s)We (a) Francis Graham Newton and Paul Bates of BDO LLP, 1 Bridgewater Place, Water  
Lane, Leeds, LS11 5RU

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

(b) Insert date

from

(b)

4 January 2012

to

(b)

3 July 2012

Signed

  
Joint Administrator

Dated

27.7.12

**Centerpac Limited  
(In Administration)**

**Income and Expenditure Account  
04 January 2012 to 25 July 2012**

<b>INCOME</b>	<b>Total (£)</b>
Goodwill	25,000.00
Sellers Records	40,000.00
Equipment	70,000.00
Motor Vehicles	10,000.00
Stock	55,000.00
Insurance Refund	54.27
Interest Gross	126.18
Rates Refund	1,961.52
Sundry Refunds	11.52
	<hr/> <b>202,153.49</b> <hr/>
 <b>EXPENDITURE</b>	
Legal Fees & Disbs	6,023.20
Agents' Fees & Disbs	5,700.00
Administrators' Fees	40,000.00
Administrators' Disbursements	1,723.88
Agents' Fees & Disbs	5,690.75
Legal Fees & Disbs	2,000.00
Rates	350.23
Sundry Expenses	393.53
Insurance	439.82
	<hr/> <b>62,321.41</b> <hr/>
 <b>Balance</b>	<hr/> <b>139,832.08</b> <hr/>
 <b>MADE UP AS FOLLOWS</b>	
VAT Receivable	12,306.28
Current Account	127,525.80
	<hr/> <b>139,832.08</b> <hr/>

Name of Assignment

Centrepac Limited In Administration

Code

00175973

Summary of Time Charged and Rates Applicable for the Period From 04/01/2012 to 20/07/2012

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		GRAND TOTALS		AV RT
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	
A. Pre Appointment Matters			9 00	2 308 50	1 5	277 5					10 50	2,586 00	246 29
B Steps on Appointment	10 25	3 802 75	11 75	2,936 75	19 75	3,653 75			20 75	2 884 25	62 50	13,277 50	212 44
C Planning and Strategy			5 00	1 355 00							5 00	1,355 00	271 00
D General Administration	3 75	1,391 25	49 85	13,389 00	38 75	7 168 75	6 00	1,434 00	13 10	1 407 05	105 45	24,790 05	235 09
E Assets Realisation/Dealing	9 50	3,524 50	72 25	18 497 50	40 00	7 400 00					121 75	29,422 00	241 66
F Trading Related Matters			17 50	4,060 00							17 50	4,060 00	232 00
G Employee Matters	0 50	185 50	8 90	2 142 80	7 50	1 387 50			4 25	590 75	21 15	4,306 55	203 62
H Creditor Claims			5 50	1 432 00	12 00	2 220 00					17 50	3,652 00	206 69
I Reporting	4 50	1 669 50	21 50	5 222 00	28 50	5 272 50					54 50	12,164 00	223 19
Totals	28 50	10,573 50	201 25	51,343 55	148 00	27,380 00	6 00	1,434 00	38 10	4,882 05	415 85	95,613 10	229 92
													</