

The Insolvency Act 1986

Administrator's progress report

Name of Company Richard Cort Limited	Company number. 02032745
In the High Court of Justice Manchester District Registry	Court case number 1469 of 2006

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

We (a) David Acland and Andrew Dick of Begbies Traynor (Central) LLP, 1 Winckley Court, Chapel Street, Preston PR1 8BU

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

from

to

(b) Insert dates

(b) 5 May 2012

(b) 17 October 2012

Signed


 Joint / Administrator(s)

Dated

17 October 2012

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.

Begbies Traynor (Central) LLP

1 Winckley Court, Chapel Street, Preston, PR1 8BU

Tel Number 01772 202000

Fax Number 01772 200099

DX Number

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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COMPANIES HOUSE

THURSDAY

David Acland and Andrew Dick appointed joint administrators on 5 May 2006

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability

Richard Cort Limited (In Administration)

Final Progress Report of the joint administrators
pursuant to Rules 2.47 and 2.110 of The Insolvency
Rules 1986

Period: 5 May 2012 to 17 October 2012

Important Notice

This final progress report has been produced by the administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

Contents

- ☐ Interpretation
- ☐ Statutory information
- ☐ Details of appointment of administrators
- ☐ Progress during the period
- ☐ Outcome for creditors
- ☐ Administrators' proposals
- ☐ Summary of steps taken during the administration
- ☐ Remuneration and disbursements
- ☐ Other relevant information
- ☐ Conclusion
- ☐ Appendices
 - 1 Account of receipts and payments
 - 2 Summary of administrators' proposals, including major amendments to, and deviations from them
 - 3 Time costs and expenses

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Richard Cort Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 5 May 2006
"the administrators", "we", "our", "us"	David Acland and Andrew Dick of Begbies Traynor (Central) LLP, 1 Winckley Court, Chapel Street, Preston, PR1 8BU
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	<ul style="list-style-type: none">(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and(ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. STATUTORY INFORMATION

Name of Company	Richard Cort Limited
Trading name(s)	As above
Date of Incorporation	1 July 1986
Company registered number	02032745
Company registered office	1 Winckley Court, Chapel Street, Preston, PR1 8BU

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of administrators	David Acland and Andrew Dick, Licensed Insolvency Practitioners of Begbies Traynor (Central) LLP, 1 Winckley Court, Chapel Street, Preston, PR1 8BU
Date of appointment	5 May 2006
Date of resignation	N/a
Court	Manchester District Registry
Court Case Number	1469 of 2006
Person(s) making appointment / application	Richard Cort, a Director of the Company
Acts of the administrators	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

4. PROGRESS DURING THE PERIOD

This report should be read in conjunction with the Administrators' proposals which were circulated to all known creditors on 28 June 2006 ("the first report") and the Administrators' progress reports issued between 6 November 2006 ("the second report") and 31 May 2012 ("the thirteenth report")

Attached at Appendix 1 is our abstract of receipts and payments for the period from 5 May 2006 to 17 October 2012

This report is prepared on an exception basis, detailing only material changes from the last report and providing further information regarding assets which remain to be realised

Book Debts

The sum of £142,763 has been collected to date with the assistance of Mr Cort. It is likely that future recoveries, if any, will be nominal and it may be up to 12 months before any monies are received. There have been no realisations during the period.

Bank Interest

The sum of £61.20 has been received during the period, with interest received since the appointment totalling £22,126. Final interest will be added shortly in respect of the Administration period and corporation tax will be payable on this sum.

VAT Compound Interest Claim

As previously reported, Barnard Atkins and McGngors LLP are continuing to assist the Administrators on behalf of the Company and Richard T Cort (Holdings) Limited ("Holdings") to pursue an action known as the Compound Interest Project ("CIP"). The principal issue, to determine whether or not taxpayers are entitled to compound interest, is still being determined through the Court of Appeal. The issue surrounding statutory time limits has previously been resolved.

Following our last report, we have requested updates from both Barnard Atkins and McGngors LLP to provide comment on the likelihood of success for both the Company and Holdings. We also instructed CLB Coopers to provide advice on the Group VAT registration and whether the claim could be novated to a third party.

Correspondence received in January 2012 confirms that the CIP is currently stayed pending the outcome of the Littlewoods Retail Ltd case whereby the UK Courts referred a number of questions to the European Courts of Justice ("ECJ") to determine whether or not taxpayers were entitled to compound interest.

An opinion has been published stating that although a taxpayer has a right to recover VAT collected in error by authorities and a right to the payment of interest on the principal sum repaid, the matter of whether interest should be calculated on a 'simple' or 'compound' basis is a matter to be determined by the Member States themselves. The opinion is merely a guide to be used by the ECJ and whilst the ECJ will usually follow this opinion it is not always the case and the outcome of the Littlewoods reference will not be determined until the ECJ releases its full judgment later this year.

In light of this decision and in view of the advice received from Barnard Atkins, McGngors LLP and CLB Coopers the Administrators have considered the options available to both the Company and Holdings and determined the appropriate exit routes (see below).

5. OUTCOME FOR CREDITORS

Secured creditors

The indebtedness due to the secured creditors namely, Yorkshire Bank plc ("the Bank"), Black Horse Limited ("BH") and Advantage Transitional Bridge Fund Limited ("ATBF") was repaid in full following the sale of two properties owned by Holdings.

The indebtedness to the Bank and BH was paid in accordance with the terms of an intercompany cross guarantee. The monies due to ATBF represented a loan which was made directly to Holdings.

Preferential creditors

Preferential creditor claims totalling £26,046 have been paid in full.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act / Unsecured Creditors

Details of how the prescribed part is calculated have previously been provided in our statement of proposals and in previous progress reports.

Based on realisations to date, there are insufficient funds available from floating charge assets following payment of the preferential creditor claims and the costs of the Administration. Therefore the value of the net property and prescribed part fund is £nil.

However, further comment on the anticipated outcome for unsecured creditors is detailed below.

Exit from administration and move to Creditors Voluntary Liquidation ("CVL")

As the Notice accompanying this report confirms, once registered by Companies House (which we anticipate shortly), our appointment as administrators will cease to have effect and the Company will be deemed to be subject to creditors' voluntary liquidation (with the former administrator, David Acland acting in the capacity as liquidator) (Form 2 34 B)

Whilst ordinarily a company with no surplus funds to distribute to unsecured creditors would proceed to dissolution following Administration, in this case the dissolution of the Company and consequent loss of VAT status would jeopardise the CIP claim

As previously advised, legal advice was sought and the instructed solicitors, Addleshaw Goddard have confirmed there is a valid reason to move to CVL, namely the prospect of an unsecured dividend should the CIP claim be successful

In respect of Holdings, there are already sufficient funds available to pay a distribution to the unsecured creditors. The Administrators issued revised proposals in March 2008 which were considered at a meeting held on 4 April 2008. It was resolved that the exit route of the Administration would be via a Creditors Voluntary Liquidation and this will be implemented as soon as possible.

Details of assets to be dealt with in the liquidation in accordance with Rule 2.117(1) of Rules

The following assets are to be dealt with in the liquidation:

- Completion of the debt collection exercise
- Continuation of the VAT compound interest claim

6. ADMINISTRATOR'S PROPOSALS

Attached at Appendix 2 is a summary of our proposals as deemed approved under Rule 2.33(5) of the Insolvency Rules 1986 in the absence of an initial meeting of creditors.

7. SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION

On 5 May 2006, the Director of the Company filed a Notice of Appointment of an Administrator at the High Court of Justice, Manchester District Registry ("the Court") appointing David Acland and Andrew Dick as Joint Administrators of the Company.

The Administrators advised the Directors of the effect of the appointment and the restrictions now placed on them. All statutory documents concerning this appointment were filed at Court and at Companies House in accordance with the Insolvency Act 1986. All known creditors were advised of the appointment.

The proposals were circulated to all known creditors for their information on 28 June 2006. As the joint administrators considered that the company had insufficient property to enable a distribution to be made to unsecured creditors (other than by virtue of a distribution of the prescribed part fund), no initial meeting of the Company's creditors was summoned and the joint administrators' proposals were deemed approved. However, secured and preferential creditor consent was sought and obtained to the joint administrators' proposals regarding fees and discharge.

As part of their statutory duties the Administrators considered the conduct of the Director and management in relation to his management of the affairs of the Company and the cause of failure. A Confidential report was submitted to the Department for Business, Innovation and Skills.

Creditors have been kept fully apprised of realisations and the steps taken throughout the Administration in our previous reports

The indebtedness due to the secured creditors was discharged in full following the sale of two properties owned by Holdings. Preferential creditor claims were paid in full. The Administrators therefore consider that the purpose of the Administration, namely realising property in order to make a distribution to one or more secured and/or preferential creditors, has been achieved. Whilst there are currently insufficient funds available from floating charge assets to set aside the prescribed part fund, should the CIP claim be successful it may result in significant funds into the case which will result in a dividend for unsecured creditors.

8. REMUNERATION AND DISBURSEMENTS

As previously reported our remuneration is based on hourly costs at scale rates calculated on the time properly spent in the course of the administration and we are authorised to draw disbursements in accordance with the explanatory note on the subject, which accompanied *The Report and Proposals of the Joint Administrators*.

The relevant resolutions were approved by the secured and preferential creditors.

Total remuneration drawn during the Administration in accordance with the above approval amounts to £275,000. Total time spent to date on this assignment amounts to 2,035 hours at an average composite rate of £152.78 per hour resulting in total time costs of £310,897.

The following further information as regards time costs and expenses is set out at Appendix 3:

- ☐ Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates
- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value

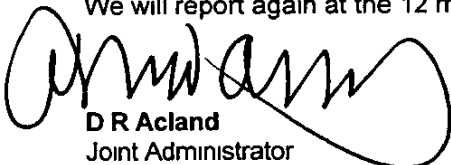
9. OTHER RELEVANT INFORMATION

Extension of Administration

As creditors are aware, the Administrators sought consent of the secured creditors to extend the Administration period by a further 6 months to 5 November 2007. The Administration was then extended for subsequent 12 month periods by orders of the Court up to 5 November 2012. The move to CVL will obviate the requirement for annual administration extensions at an estimated cost of £4,000 to £6,000 per annum.

10. CONCLUSION

We will report again at the 12 month anniversary of the subsequent liquidation.



D R Acland
Joint Administrator

Dated 17 October 2012

ACCOUNT OF RECEIPTS AND PAYMENTS

Richard Cort Limited
(In Administration)
Joint Administrators' Trading Account

	From 05/05/2012 To 17/10/2012	From 05/05/2006 To 17/10/2012
COST OF SALES		
Wages	NIL	590 83
PAYE/NIC	NIL	215 19
	<u>NIL</u>	<u>(806 02)</u>
TRADING EXPENSES		
Gas	NIL	16 97
	<u>NIL</u>	<u>(16 97)</u>
TRADING SURPLUS/(DEFICIT)	<u>NIL</u>	<u>(822.99)</u>

Richard Cort Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

	From 05/05/2012 To 17/10/2012	From 05/05/2006 To 17/10/2012
FIXED CHARGE COSTS		
Debt Collection Costs	NIL	29,710 13
	NIL	(29,710 13)
FIXED CHARGE CREDITORS		
Yorkshire Bank	NIL	13,632 88
Black Horse Limited	NIL	NIL
	NIL	(13,632 88)
ASSET REALISATIONS		
Plant & Machinery	NIL	27,500 00
Motor Vehicles	NIL	245,150 00
Stock	NIL	16,161 61
Debtors not subject to FC	NIL	142,762 82
Debtor Discount	NIL	(2,385 14)
Cash at Bank	NIL	671 62
Rates Refund	NIL	2,704 77
Cash in Hand	NIL	388 52
Bank Interest Gross	61 20	22,088 71
Bank Interest Net of Tax	NIL	37 33
Sundry Refunds	NIL	17,297 96
Trading Surplus/(Deficit)	NIL	(822 99)
Tax Licence Refunds	NIL	1,026 60
	61 20	472,581 81
COST OF REALISATIONS		
Professional Fees	NIL	5,000 00
Specific Bond	84 00	1,251 00
Preparation of S of A	NIL	3,000 00
Office Holders Fees	20,000 00	275,000 00
Office Holders Expenses	NIL	1,634 40
Office Holders Disbs	NIL	66 40
Agents/Valuers Fees (1)	NIL	35,703 04
Agents/Valuers Fees (2)	NIL	5,048 96
Legal Fees (1)	NIL	10,707 76
Search Fees	NIL	2 05
Corporation Tax	73 59	5,797 85
Pension Advice	NIL	1,739 80
Stationery & Postage	234 65	1,398 68
Payroll Services	NIL	874 00
Storage Costs	8 24	55 75
Re-direction of Mail	NIL	68 90
Statutory Advertising	NIL	170 19
Insurance of Assets	NIL	1,991 78
Accountancy Charges	2,700 00	28,945 00
	(23,100 48)	(378,455 56)
PREFERENTIAL CREDITORS		
PAYE & NI	NIL	3,633 20
Redundancy Payments Office	NIL	15,045 42
Employees Preferential Claims	NIL	7,367 18
	NIL	(26,045 80)

Richard Cort Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

	From 05/05/2012 To 17/10/2012	From 05/05/2006 To 17/10/2012
	<u>(23,039.28)</u>	<u>24,737.44</u>
REPRESENTED BY		
VAT Receivable		2,604 15
Bank 2 Current		22,133 29
		<u>24,737.44</u>

SUMMARY OF ADMINISTRATORS' PROPOSALS, INCLUDING MAJOR AMENDMENTS TO AND DEVIATIONS FROM THEM

Proposals deemed approved under Rule 2.33(5) of the Insolvency Rules 1986.

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above

For the reasons set out in our report, we presently consider that it is not reasonably practicable to achieve either of the objectives specified in subparagraph 3(1)(a) and 3(1)(b), and consequently the most appropriate objective to pursue in this case is that specified in subparagraph paragraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors. We furthermore consider that pursuing this objective should not unnecessarily harm the interests of the creditors of the Company as a whole

The Administrators propose to do all such things and generally exercise their powers as Joint Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration set out in paragraph 3 of Sch B1 to the Act or to maximise realisations for any other purpose incidental to these proposals

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the Company's property. The principal matters to deal with in this respect are

- the sale of the Rossendale Plant & Machinery, Furniture & Equipment and Stock,
- completion of the debt collection exercise

Following these events we propose to finalise distributions to the secured and preferential creditors

Creditors consent to the Extension of the Administration

In accordance with paragraph 76(1) of Sch B1 to the Act, the appointment of an Administrator shall cease to have effect at the end of one year beginning with the date on which it takes effect. However, pursuant to paragraph 76(2) of Sch B1 to the Act, the Administrators term of office may be extended for a specific period of not exceeding six months by consent

The Administrators therefore request the consent to the following resolution

"That the Administrators' term of office be extended, if deemed necessary, for a further 6 months following the anniversary of their appointment up to 5 November 2007"

Exit from Administration

As soon as the Administrators are satisfied that they have fully discharged their duties and that the purpose of the Administration has been fully achieved, the Administrators propose to implement the provisions of Paragraph 83 of Schedule B1 to the Act in order the *prescribed part* can be distributed to unsecured creditors following the completion of the Administrators'

duties On the registration of a notice sent to the Registrar of Companies, the appointment as Administrators shall cease to have effect and the company will automatically be placed into creditors voluntary liquidation

Paragraph 83(7) provides

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (b) if no person is nominated under paragraph (a), the administrator

It is proposed that David Acland is appointed Liquidator of the Company

In the event that there is no surplus of monies available to unsecured creditors, the Joint Administrators will file a notice to that effect with the Registrar of Companies at which time the appointment of the Administrators will cease. The dissolution of the Company will take place three months thereafter

Upon the Registrar of Companies registering the appropriate Notice ending the Administration, the Administrators request consent to the following resolutions

"That the Joint Administrators' be and they are hereby discharged from liability in respect of any action of theirs as Administrators, pursuant to paragraph 98 of Sch B1 to the Act, with the effect from the date their appointment as Joint Administrators ceases to have effect"

"That the Joint Administrators' be and they are hereby authorised, at any time after the expiration of the period of one year from the date of dissolution (if appropriate), to destroy or otherwise dispose of the books, papers or other records of the Company"

Administrators' Remuneration

The Administrators request the consent to the following resolution

"That the Joint Administrators remuneration be fixed on the basis of their hourly costs at scale rates calculated on the time properly spent in the course of the administration and subject to full disclosure to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the Administrators' licensing bodies, they may draw their remuneration on account as and when funds permit The Joint Administrators also seek approval to re-charge expenses in line with their firm's policy"

In the absence of an initial meeting of creditors and the establishment of a creditors' committee, the Joint Administrators' remuneration is fixed by the approval of the secured and preferential creditors in accordance with Rule 2 106 (5A)

TIME COSTS AND EXPENSES

- a Begbies Traynor (Central) LLP's policy for re-charging expenses,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred, and
- d Table of time spent and charge-out value

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 per meeting,
- Car mileage is charged at the rate of 45 pence per mile,
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

- Displaying properties for sale on the 'Accelerated Property Sales from Begbies Traynor' section of the Begbies Traynor website is charged at the rate of £75 00 per property,
- (B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*
- Telephone and facsimile
 - Printing and photocopying
 - Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Preston office as at the date of this report are as follows

	Standard 1 May 2011 – until further notice
	Regional
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

Prior to 1 May 2011, the following rates applied

Grade of staff	Charge-out Rate (£ per hour)
Partner 1	395
Partner 2	350
Director	325
Senior Manager	295
Manager	250
Assistant Manager	195
Senior Administrator	160
Administrator	130
Trainee Administrator	100
Support	100

Prior to 1 July 2008, the following rates applied

Grade of staff	Charge-out Rate (£ per hour)
Partner 1	365
Partner 2	305
Director	270
Senior Manager	210
Manager	180
Assistant Manager	145
Senior Administrator	115
Administrator	100
Trainee Administrator	70
Support	100

Prior to 1 May 2007, the following rates applied

Grade of staff	Charge-out Rate (£ per hour)
Partner 1	350
Partner 2	295
Director	260
Senior Manager	205
Manager	175
Assistant Manager	140
Senior Administrator	110
Administrator	65
Trainee Administrator	65
Support	65

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME Richard Cort Limited

CASE TYPE ADMINISTRATION

OFFICE HOLDERS David Acland and Andrew Dick

DATE OF APPOINTMENT: 5 May 2006

1 CASE OVERVIEW

- 1.1 This overview is intended to allow the body responsible for the approval of the office-holder's fees to view the quantum of those fees in the context of the case in question

1.2 *Complexity of the case*

The Company and its holding company, Richard T Cort (Holdings) Limited ("Holdings") are closely connected in respect of funding arrangements from the Secured Creditors. There are various cross guarantees and different types of security across the two Companies.

Following the appointment a number of vehicle manufacturers/finance companies advised that they had vehicles on site to which they demanded possession. The Administrators conducted an orderly return of the vehicles with assistance of the instructed agents, SHM Smith Hodgkinson ("SHM"). Prior to returning the vehicles, legal advice as to the validity of the claims was sought from the instructed lawyers, Addleshaw Goddard ("Addleshaws").

Due to the termination of various franchise agreements the employees at the Company's Rossendale site were made redundant with immediate effect.

Shortly following the appointment a sale of certain assets at the Bury site was completed to Corts Limited for a sum of £21,000. Numerous vehicles were also sold to Corts Limited for a sum of approximately £242,000. In addition, various other assets were sold including plant and equipment at the Rossendale site.

The Administrators commenced the debt collection exercise following their appointment.

- 1.3 *Exceptional responsibilities*
None

1.4 *The office-holder's effectiveness*

The original purpose of the Administration was to realise property in order to make a distribution to secured and/or preferential creditors, which has been done. The Company will now move to CVL in order to protect the CIP claim.

1.5 *Nature and value of property in question*

Please refer to the report and the enclosed receipts and payments account.

1.6 *Anticipated return to creditors*

Both the preferential creditors and the secured creditors have been paid in full. There may be monies available for unsecured creditors in the CVL, subject to the success of the CIP claim.

1.7 *Time costs analysis*

An analysis of time costs incurred is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average rate charged for each work type.

1 8 *The views of the creditors*

The Administrators' proposals circulated on 28 June 2006 were subsequently approved by the secured creditors

1 9 *Approval of fees*

The proposals included a provision for the Joint Administrators' to be remunerated on a time cost basis and this was detailed further in my previous reports

1 10 *Other professionals employed & their costs*

As this report has been prepared on an exception basis detailed below are only payments made since the last report

The sum of £2,700 plus VAT has been paid to CLB Coopers for advice on the CIP claim and the Company's tax affairs

2 **EXPLANATION OF OFFICE-HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES**

2 1 Begbies Traynor's policy for re-charging expenses incurred by insolvency office-holders is set out in a separate accompanying note

2 2 The rates charged by the various grades of staff who may work on a case are also set out in a separate accompanying note

3 **SUMMARY OF WORK CARRIED OUT**

3 1 Since the date of our last report, the following work has been carried out

- Dealing with creditor correspondence
- Collection of the outstanding debtor ledger
- Dealing with the ongoing CIP claim
- Discussions with advisors regarding the options available to the Company
- Preparation of this report

Staff Grade	Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time cost £	Average hourly rate £
Administration and Planning	Appointment and case planning	179		487	07	25	545			124.25	21,532.75	173.30
	Administration and Banking	752	0.2	752	140	96	1077	164	33.6	462.84	67,937.65	146.78
	Statutory reporting and statement of affairs	313		770	129	287	193	36	9.4	182.15	35,541.75	195.12
Investigations	CDDA and investigations	29		08			02			3.90	1,097.50	281.41
Realisation of assets	Debt collection	96		549	1307	45	30	78		210.40	32,808.75	155.94
	Property business and asset sales	817		1245	143	03	193			240.00	52,806.25	220.03
	Retention of Title/Third party assets											
Trading	Trading	35		139	222		135	100		63.00	8,511.75	135.11
Creditors	Secured											
	Others	123		1209	212	384	1935	2484	237	678.25	73,776.25	108.77
	Creditors committee											
Other Matters	Meetings	54		110	95	08	76			34.30	7,566.50	220.60
	Other	10		10						2.00	645.00	322.50
	Tax	73		180		13	71		0.3	33.90	6,672.75	255.83
	Litigation											
Total hours by staff grade												
Total time cost by staff grade £												
Average hourly rate £												
Total fees drawn to date £												