

## The Insolvency Act 1986

**Administrator's progress report**

Name of Company Eurotek Office Furniture Limited	Company Number 02086413
In the High Court of Justice, Chancery Division, Bristol District Registry	Court case number 38 of 2011

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

We Stuart David Maddison and Karen Lesley Dukes of PricewaterhouseCoopers LLP, Hill House,  
Richmond Hill, Bournemouth BH2 6HR

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

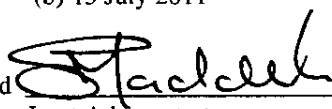
from

to

(b) 13 July 2011

(b) 12 January 2012

Signed



Joint Administrator

(b) Insert dates

Dated 18 January 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.

Shirley Grose	
PricewaterhouseCoopers LLP, Hill House, Richmond Hill, Bournemouth BH2 6HR	
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DX Number 141500	DX Exchange Bournemouth 17

SATURDAY



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28/01/2012

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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

**Eurotek Office Furniture Limited – formerly  
in administration  
High Court of Justice, Chancery Division,  
Bristol District Registry  
Case No. 38 of 2011**

**The former Joint Administrators' final  
progress report for the period from 13 July  
2011 to 12 January 2012**

**25 January 2012**

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## **1. Overview of the current position**

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### **Estimated dividend prospects**

#### **For preferential creditors:**

ie former employees (for arrears of wages up to £800 and holiday pay only) and unpaid pension contributions in certain circumstances **Nil**

#### **For unsecured creditors:**

ie all other creditors which are neither secured nor preferential **Nil**

### **Estimated recovery for secured creditors**

**Amount due to HSBC Bank Plc: c£10,000**

**Forecast recovery: Nil**

The Bank will suffer a shortfall in respect of its lending.

<b>If you have any queries, please contact:</b>	Colin Somers	01202 294621
<b>Creditors' enquiries</b>	Shirley Grose	01202 294621
<b>General enquiries</b>		

## **1. Overview of the current position**

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<b>Trading names:</b>	Eurotek Office Furniture Limited
<b>Former trading address:</b>	Steyning Way, Southern Cross Trading Estate, Bognor Regis, West Sussex PO22 9SB
<b>What the Company did:</b>	The company designed, manufactured and installed office furniture
<b>What type of insolvency procedure is the Company in:</b>	Administration
<b>The administrators:</b>	Stuart David Maddison and Karen Lesley Dukes of PwC, Hill House, Richmond Hill, Bournemouth BH2 6HR
<b>Administrators' website:</b>	<a href="http://www.pwc.co.uk/eurotek">http //www pwc co uk/eurotek</a>
<b>Creditor information documents available to download:</b>	<ul style="list-style-type: none"><li>• Creditors' guide to administrators' fees (in accordance with Statement of Insolvency Practice No. 9),</li><li>• Statement of creditor's rights in relation to the administrators' remuneration and expenses,</li><li>• Summary of key terms.</li></ul>
<b>What we said in our last progress report</b>	The administrators are continuing to realise the Company's outstanding book debts in order to make a distribution to the Company's preferential and unsecured creditors
<b>What we are saying now</b>	In the event, there have been insufficient realisations in respect of the Company's book debts to enable a dividend to be paid to any class of creditor

**This overview provides a brief summary of some of the matters detailed in this report. Please read the remainder of this document for further information on the administration.**

## **2. The former Joint administrators' final progress report for the period 13 July 2011 to 12 January 2012**

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### **Introduction**

The former Joint Administrators ("the administrators") previously reported on 10 August 2011 and are pleased to provide their final progress report on the administration of Eurotek Office Furniture Limited ("the Company").

The administrators are required to provide certain statutory information, which is shown in Section 3 to this report. The administrators are also required to provide a summary of their proposals, which is shown at Section 4.

Details of the steps taken during the administration and the outcome of the administration are set out below

### **Steps taken during the administration**

As at the date of the administrators' appointment on 13 January 2011 the position as regards the Company was as follows: -

The Company was incorporated in 1986 and was purchased by two of the current Directors in 1991. The principal activities of the Company were designing, manufacturing and installing ranges of office furniture products. The Company operated from two leasehold factories in Bognor Regis and a leasehold showroom in London.

PricewaterhouseCoopers LLP ("PwC") was introduced to the Company by HSBC Invoice Financing UK Limited ("HSBCIF") in September 2010, and were asked to carry out an Independent Business Review. As part of that review it had become clear that the Company required further investment and, following a period of engagement to attract investors PwC introduced a prospective purchaser for the business in January 2011. In the event, the prospective purchaser did not proceed with the purchase of the business. The administrators understand that the Company also engaged a third party to find new investors for the business without success.

As a result of poor sales in the final quarter of 2010, the Company's cash position rapidly deteriorated and the board concluded it was not possible to continue trading. Accordingly Stuart Maddison and Karen Dukes were appointed as administrators of the Company on 13 January 2011.

Following an initial review, the administrators concluded that the most appropriate strategy was to reduce costs whilst they approached potential interested buyers for the Company on a going concern basis.

Approximately 50% of the workforce was made redundant on the first day of the administration.

The administrators retained a workforce capable of recommencing a full manufacturing process at short notice, if a going concern sale was likely. During this time the administrators continued to trade the business and generated sales with a value of £160,539.

Immediately following the administrators' appointment an information pack was sent to all potentially interested parties identified by the Company, the administrators' agent, Edward Symmons & Partners LLP ("ES&P"), and from the administrators' own internal research.

Sales particulars were sent to twenty one parties and four interested parties visited the Company. The administrators received limited further enquiries from a number of other parties, however, despite the administrators' best efforts, none of those parties converted their interest into an offer for the business.

## **2. The former Joint administrators' final progress report for the period 13 July 2011 to 12 January 2012**

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When it became apparent that the administrators were unlikely to find a purchaser for the business as a going concern they initiated a wind down of the affairs of the Company in a controlled manner in order to realise the Company's remaining assets

All manufacturing and stock assembly work ceased and a further round of redundancies was necessary, reducing the workforce to a skeleton staff, to assist with preparing the assets for sale.

The remainder of the staff were made redundant on 1 February 2011 and ES&P began marketing the remaining assets of the Company

### **Trading activities and sale / disposal of the assets**

- **Post appointment trading sales**

As reported above, the administrators retained a workforce capable of recommencing a full manufacturing process at short notice, if a going concern sale could be achieved. During this time the administrators continued to trade the business and generated sales with a value of £160,539. To date, £100,723 has been received and there will be no further recoveries as the remaining debts have been disputed

In the event, the administrators' made a loss on trading of £24,132.

- **Leasehold properties**

The Company had two leasehold factories in Bognor Regis and a leasehold showroom in London. ES&P advised that the leases to those properties had no realisable value

- **Plant and machinery, stock and raw material**

The directors stated in their statement of affairs that the Company had plant and machinery, stock and raw materials estimated to realise £130,000 and £22,000 respectively.

An on-line auction was held which closed on 3 March 2011 and the administrators realised £204,920 in respect of these assets

- **Motor vehicles**

The directors recorded in their statement of affairs that the Company owned motor vehicles which were estimated to realise £92,000

The vehicles were sold as part of the on-line auction and the administrators' realised £109,150 from the sale of these vehicles

- **Book debts**

Pre-appointment book debts were estimated to realise £883,416 in the directors' statement of affairs

HSBC Invoice Financing UK Limited ("HSBCIF") provided debt factoring services to the Company and had a fixed charge over the Company's book debts. HSBCIF was owed £639,811 at the time of the administrators' appointment. HSBCIF has recovered its lending in full and, therefore, the balance of the Company's pre-appointment book debts reverted to the Company

The administrators instructed their debt recovery specialists to review the ledger and to recover the outstanding amounts and the administrators have received £77,200 in the

## **2. The former Joint administrators' final progress report for the period 13 July 2011 to 12 January 2012**

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administration. There will be no further recoveries as the remaining book debts have been disputed.

- **Intangible assets / intellectual property**

As part of the sales process the administrators offered for sale various items of the Company's intellectual property and £7,680 has been realised.

- **Legal settlement**

Prior to the administrators' appointment, the Company had been in dispute with a former customer over an outstanding invoice. Upon their appointment the administrators agreed to settle the dispute for a payment of £9,736 compared with the original debt of approximately £11,000.

- **Sundry Income**

The administrators have recovered £9,035 in respect of sundry refunds and £475 in respect of petty cash.

### **Final summary of receipts and payments**

A final summary of receipts and payments in the administration for the period from 13 July 2011 to 12 January 2012 is set out in section 5 to this report.

Receipts in the period comprised: -

- Book debts of £46,657;
- Sundry refunds of £9,035,
- Petty cash of £475; and
- Refund of wages of £1,386.

Payments consisted of: -

- Refund of post appointment trading sales of £1,647;
- VAT payment of £18,576,
- Rent and rates of £55,463;
- Insurance of £435;
- Utilities and telephone charges of £4,456;
- Retention of title claim of £2,630;
- Legal fees and disbursements of £4,024,
- Transport and carriage of £3;
- Travel of £1,111,
- Storage costs of £10,397;
- Postage of £630,
- Printing of £295,
- Statutory advertising of £73;
- Administrators' remuneration of £120,244,
- Bond of £420,
- Company Search of £54; and



## **2. The former Joint administrators' final progress report for the period 13 July 2011 to 12 January 2012**

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- Bank charges of £120

### **Expenses statement**

A statement of the expenses incurred by the administrators in the period 13 July 2011 to 12 January 2012 is included at Section 6

### **Administrators' remuneration**

The administrators' remuneration was approved on a time costs basis by the general body of creditors. The administrators drew remuneration totalling £266,663 in accordance with the resolutions passed at a meeting by correspondence

The time cost charges incurred in the period covered by this report are £110,963 08 In accordance with the requirements of Statement of Insolvency Practice No 9, a full analysis of the administrators' final time costs and Category 2 disbursements for the period 1 July 2011 to 12 January 2012 is provided in Section 7

### **Outcome for creditors**

#### **Secured creditor**

HSBCIF provided debt factoring services to the Company and has a fixed and floating charge dated 29 May 2009 under an agreement for the purchase of debts As at the date of Administration HSBCIF was owed £639,811, by the Company, plus interest and termination charges HSBCIF has recovered its debt in full

HSBC Bank plc ("the Bank") has a floating charge over the Company's assets dated 8 January 1997 In addition the Bank has a fixed charge dated 1 August 1997

As at the date of administration the indebtedness to the Bank was approximately £10,000 Further details of this are provided under the preferential creditor section below.

#### **Preferential creditors**

Preferential creditors amounted to approximately £57,000 In addition, the Bank also had a subrogated preferential claim of approximately £10,000 in respect of wages paid by the Bank prior to the administrators' appointment There are no funds available for distribution to preferential creditors.

#### **Unsecured creditors**

The administrators advised in their last report that they were unable to comment on whether there would be funds available for distribution to unsecured creditors. In the event, due to the low level of book debt recoveries there are no funds available for distribution to any class of creditor

### **Investigations**

The administrators' have a statutory duty to investigate the conduct of all directors of the Company in the three years prior to their appointment A confidential report/return in this regard was submitted to the Department of Business, Innovation and Skills in July 2011

### **Exit route from administration**

In accordance with the proposals approved by creditors, a Notice of Move to Dissolution was sent by the administrators to the Registrar of Companies on 19 January 2012. Three months after registration, the Company will be deemed dissolved

This exit route has been chosen as there were insufficient funds in the administration to enable a dividend to be paid to unsecured creditors therefore a move to creditors' voluntary liquidation was not required.

## **2. The former Joint administrators' final progress report for the period 13 July 2011 to 12 January 2012**

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### **Discharge**

In accordance with a resolution of the general body of creditors, the administrators shall be discharged from liability pursuant to Paragraph 98(1) of Schedule B1 to the Insolvency Act 1986 in respect of any action of theirs as administrators on 26 January 2012.

### **Additional information**

Further information about the administration can be found on the administration website [www.pwc.co.uk/eurotek](http://www.pwc.co.uk/eurotek), including:

- a creditors' guide to administrators' fees (in accordance with Statement of Insolvency Practice No. 9),
- statement of creditor's rights in relation to the administrators' remuneration and expenses,
- a summary of key terms used in this report.

If any creditor requires further explanations on any aspect of the administrators' final progress report, then please telephone or write to Shirley Grose on 01202 294621 who will be pleased to deal with such enquiries, however, any request for further information regarding the administrators' remuneration or disbursements should be made in writing.

In addition, should any creditor consider the administrators' remuneration and disbursements to be excessive or inappropriate, they have the right to challenge the amounts.



S D Maddison  
Former joint administrator

S D Maddison and K L Dukes were appointed as joint administrators of Eurotek Office Furniture Limited to manage its affairs, business and property as its agents without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

### 3. Statutory and other information

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<b>Court details for the administration:</b>	High Court of Justice, Chancery Division, Bristol District Registry, Case 38 of 2011
<b>Full name:</b>	Eurotek Office Furniture Limited
<b>Trading name:</b>	Eurotek Office Furniture Limited
<b>Registered number:</b>	02086413
<b>Registered address:</b>	c/o PricewaterhouseCoopers LLP, Hill House, Richmond Hill, Bournemouth BH2 6HR
<b>Company directors:</b>	Mr Mark Gregory, Mr Andrew Gwennap, Mr Terence Kuhler, Mr Robert Lee, Ms Ann Roberts Mr Robert Vesey
<b>Company secretary:</b>	Mr Robert Lee
<b>Shareholdings held by the directors and secretary:</b>	Mr Robert Lee – 1 ordinary share of £1
<b>Date of the administration appointment:</b>	13 January 2011
<b>Administrators' names and addresses:</b>	Stuart David Maddison and Karen Lesley Dukes of PricewaterhouseCoopers LLP, Hill House, Richmond Hill, Bournemouth BH2 6HR
<b>Changes in office holder:</b>	N/A
<b>Appointor's / applicant's name and address:</b>	Mr Robert Lee, 2 Friary Close, Middleton-on-Sea, Bognor Regis, West Sussex PO22 6PB
<b>Objective being pursued by the administrators:</b>	(b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were placed into liquidation (without first being in administration)
<b>Division of the administrators' responsibilities:</b>	In accordance with Paragraph B1 of the Insolvency Act 1986, all functions are to be exercised by any one or all of the joint administrators.
<b>Extensions to the period of the administration:</b>	None
<b>End of the administration:</b>	Dissolution
<b>Estimated dividend for unsecured creditors:</b>	Nil
<b>Estimated values of the prescribed part and the Company's net property:</b>	N/A
<b>Whether and why the administrators intended to apply to court under Section 176A(5) IA86:</b>	N/A
<b>The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):</b>	The European Regulation on Insolvency Proceedings applies to this administration and the proceedings are main proceeding

## 4. Summary of the former Joint administrators' proposals

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The administrators made the following proposals for achieving the purpose of administration

- i) The administrators will continue to manage and finance the Company's business, affairs and assets from trading revenues and asset realisations in such manner as they consider appropriate with a view to achieving a better result for the Company's creditors as a whole than would be likely if the Company were placed into liquidation (without first being in administration)
  - ii) The administrators may investigate and, if appropriate, pursue any claims that the Company may have. In addition, the administrators will exercise all their powers as administrators as they consider appropriate in order to achieve the purpose of administration or to protect and preserve the assets of the Company or to maximise their realisations or for any other purpose incidental to these proposals.
  - iii) If the administrators think that funds will become available for unsecured creditors they may but shall not be obliged to establish in principle the claims of unsecured creditors to be agreed by a subsequent liquidator or supervisor of a company voluntary arrangement / scheme of arrangement. The costs of so doing may be met as a cost of the administration, as part of the administrators' remuneration. This will be done where the administrators think there will be sufficient funds for a distribution to unsecured creditors other than the prescribed part or out of the prescribed part as costs associated with the prescribed part (where the administrators think that funds will become available to the unsecured creditors via the prescribed part only).
  - iv) If the administrators think that funds will become available for unsecured creditors, the administrators may but shall not be obliged to make an application to court for permission to make distributions to unsecured creditors
  - v) If the administrators consider that an extension of the administration beyond the statutory duration of one year would be advantageous the administrators will consult with the creditors' committee prior to applying to the court or seeking consent from the appropriate classes of creditors for that extension
  - vi) The administrators may use any or a combination of "exit route" strategies in order to bring the administration to an end, but in this particular instance the administrators are likely to wish to pursue either of the following options as being the most cost effective and practical in the present circumstances -
    - (a) Once asset disposals are complete, the administrators will place the Company into creditors' voluntary liquidation. In these circumstances, it is proposed that Stuart David Maddison and Karen Lesley Dukes be appointed as joint liquidators and any act required or authorised to be done by the joint liquidators may be done by either or both of them. Creditors may before these proposals are approved nominate a different person or persons as liquidator(s) in accordance with Paragraph 83 (7)(a) of Schedule B1 to the Insolvency Act 1986 and Rule 2 117A(2)(b) of the Insolvency Rules 1986,
- OR
- (b) Once asset disposals are complete, the administrators will apply to the Court to allow them to distribute any surplus funds, to unsecured creditors. If this permission is given, the administration will be brought to an end by filing a notice with the Registrar of Companies and the Company will be dissolved three months after the notice has been registered. If permission is not granted the administrators will place the Company into creditors' voluntary liquidation or otherwise act in accordance with the provisions of any court order.
- vii) The administrators shall be discharged from liability in respect of any of their actions as administrators at a time resolved by the Creditors Committee, or if there is no Creditors Committee 14 days after they cease to be administrators of the Company or at a time determined by the court.
  - viii) It is proposed that the administrators' fees be fixed by reference to the time properly given by the administrators and the various grades of their staff according to their firm's usual charge out rates for work of this nature and that disbursements for services provided by the administrators' own firm

#### **4. Summary of the former Joint administrators' proposals**

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(defined as Category 2 disbursements in Statement of Insolvency Practice No 9) be charged in accordance with the administrators' firm's policy as set out in Appendix C.

## 5. Receipts and payments account for the period 13 July 2011 to 12 January 2012

	As at 12 July 2011 £	Movement in period £	As at 12 January 2012 £
<b>Trading revenue</b>			
Post appointment trading sales	102,370	(1,647)	100,723
<b>Total revenue</b>	<b>102,370</b>	<b>(1,647)</b>	<b>100,723</b>
<b>Asset realisations</b>			
Trading profit	39,113	(63,245)	(24,132)
Plant and machinery	204,920	0	204,920
Motor vehicles	109,150	0	109,150
Book debts	30,543	46,657	77,200
Intellectual property rights	7,680	0	7,680
Legal settlements	9,736	0	9,736
Sundry refunds	0	9,035	9,035
Petty cash	0	475	475
VAT	18,576	(18,576)	0
<b>Total asset realisation</b>	<b>419,718</b>	<b>(25,654)</b>	<b>394,064</b>
<b>Less: Cost of trading</b>			
Employee expenses	117	0	117
Wages/NIC/staff costs	42,179	(1,386)	40,793
Rent and rates	0	55,463	55,463
Insurance	14,760	435	15,195
Utilities and telephone charges	5,573	4,456	10,029
Cleaning and site clearance	420	0	420
Retention of title	0	2,630	2,630
Trade purchases	208	0	208
<b>Total cost of trading</b>	<b>63,257</b>	<b>61,598</b>	<b>124,855</b>
<b>Trading profit</b>	<b>39,113</b>	<b>(63,245)</b>	<b>(24,132)</b>
<b>Less: Cost of realisations</b>			
Hire purchase obligations	35,869	0	35,869
Legal fees and disbursements	67,661	4,024	71,685
Transport and carriage	86	3	89
Travel	2,244	1,111	3,355
Storage	1,006	10,397	11,403
Postage	518	630	1,148
Printing	0	295	295
Statutory advertising	74	73	147
Staff accommodation	2,300	0	2,300
Administrators' remuneration	146,419	120,244	266,663
Specific penalty bond	0	420	420
Company search	0	54	54
Irrecoverable VAT	0	224	224
Bank charges	232	120	352
<b>Total cost of realisation</b>	<b>256,469</b>	<b>137,595</b>	<b>394,064</b>
<b>Funds in hand</b>	<b>163,249</b>	<b>(163,249)</b>	<b>-</b>

## 6. Statement of expenses incurred in the period 13 July 2011 to 12 January 2012

	Total expenses incurred as at 12/07/11 £	Movement in period £	Total expenses incurred as at 12/01/12 £
<b>Staff costs</b>			
Employee expenses	117	0	117
Wages/NIC/staff costs	42,179	(1,386)	40,793
<b>Professional fees</b>			
Legal fees and disbursements	67,661	4,024	71,685
Administrators remuneration	294,894	95,263	390,157
<b>Property costs</b>			
Rent and rates	114,026	(58,563)	55,463
Insurance	14,760	435	15,195
Utilities and telephone charges	5,598	4,431	10,029
<b>Other costs</b>			
Cleaning and site clearance	420	0	420
Retention of title	0	2,630	2,630
Trade purchases	208	0	208
Hire purchase obligations	35,869	0	35,869
Transport and damage	86	3	89
Travel	2,459	896	3,355
Storage	1,006	10,397	11,403
Postage	655	493	1,148
Printing	60	235	295
Statutory advertising	74	73	147
Staff accommodation	2,360	0	2,360
Entertaining/subsistence	1,585	0	1,585
Specific penalty bond	420	0	420
Company search	0	54	54
Irrecoverable VAT	0	224	224
Bank charges	250	102	352
<b>Total</b>	<b>584,687</b>	<b>59,311</b>	<b>643,998</b>

## **7. Analysis of the former Joint administrators' time costs and Category 2 disbursements for the period 13 July 2011 to 12 January 2012**

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### **Narrative of work carried out for the period 13 July 2011 to 12 January 2012**

The key areas of work have been as follows -

- Strategy and planning issues and general administration
- Collection of the pre and post appointment sales ledger and dealing with customer queries
- Accounting and treasury functions
- Six monthly progress report and final report to creditors
- Statutory/compliance work and concluding the administration
- Tax computations for the administration

Please see attached analysis at Appendix A

### **Category 2 disbursements for the period 13 July 2011 to 12 January 2012**

Photocopying - £295

Mileage - £788

### **Summary of legal and other professional firms instructed in the period 13 July 2011 to 12 January 2012**

<b>Service provided</b>	<b>Name of firm / organisation</b>	<b>Reason selected</b>	<b>Basis of fees</b>
Legal advice	Bond Pearce LLP	Industry knowledge	Time costs