

The Insolvency Act 1986

Administrator's progress report

Name of Company

FRC Packaging Limited

Company number

03015033

In the
High Court of Justice Manchester District Registry
(full name of court)Court case number
3001 of 2012(a) Insert full name(s) and
address(es) of
administrator(s)

I / We (a)

Mark Terence Getliffe
CLB Coopers
Ship Canal House
98 King Street
Manchester
M2 4WUDiane Elizabeth Hill
CLB Coopers
Ship Canal House
98 King Street
Manchester
M2 4WU

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

(b) Insert dates

from

to

(b) 23 August 2012

(b) 22 February 2013

Signed



Joint / Administrator(s)

Dated

20 March 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. The contact information that you give will be visible to searchers of the public record.

	Tel 0161 245 1000
DX Number	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

TUESDAY



A24YSD9C

A21

26/03/2013

#245

COMPANIES HOUSE

**Joint Administrators' Progress
Report**

**For the period
23 August 2012 to 22 February
2013**

**FRC Packaging Limited
- In Administration**

CONTENTS

- 1 Statutory Information
- 2 Progress of the Administration
- 3 Investigations
- 4 Pre-administration Costs
- 5 Joint Administrators' Remuneration
- 6 Joint Administrators' Expenses
- 7 Estimated outcome for creditors
- 8 Ending the Administration
- 9 Creditors' Rights
- 10 Next Report

APPENDICES

- A Receipts and Payments Account from 23 August 2012 to 22 February 2013
- B Time Analysis for the period date from 23 August 2012 to 22 February 2013
- C Estimated Outcome Statement as at 22 February 2013
- D Charging and Disbursement Policy pursuant to Statement of Insolvency Practice 9
- E Additional Information in Relation to Office Holders' Fees

THE JOINT ADMINISTRATORS' PROGRESS REPORT

1 Statutory information

- 1 1 I was appointed as Joint Administrator of FRC Packaging Limited ("the Company") on 23 August 2012, together with my Partner Diane Hill. We are licensed to act as Insolvency Practitioners in the UK by the Institute of Chartered Accountants of England and Wales. The appointment of Joint Administrators was made by the director, Mr Timothy Daffurn.
- 1 2 The Administration is being handled by CLB Coopers at Ship Canal House, 98 King Street, Manchester M2 4WU. The Administration is registered in the High Court Manchester District Registry, reference number 3001 of 2012.
- 1 3 Any act required or authorised under my appointment to be done by an Administrator, may be done by either or both of the Administrators acting jointly or alone.
- 1 4 The registered office and trading address of the Company was Paradise Mill, Bell Street, Oldham, OL1 3PY. The Company's number is 03015033.
- 1 5 For the purposes of the Administration the registered office has been changed to c/o CLB Coopers, Ship Canal House, 98 King Street, Manchester M2 4WU.

2 Progress of the Administration

- 2 1 At **Appendix A**, I have provided an account of my Receipts and Payments for the period ended 22 February 2013 which provides details of the amounts realised for the Company's assets and the cost of those realisations together with remuneration charged and expenses incurred and paid by the Joint Administrators during the period of this report.
- 2 2 I can comment on the progress in respect of asset realisations during the course of the Administration period 23 August 2012 to 22 February 2013 as follows:

Sale of the Company's Business and Assets

- 2 3 The Company's business and assets were sold to an associated company, Factory Pallets & Cases Limited ("FPC Ltd"), immediately upon my appointment on 23 August 2012 in a pre-packaged sale
- 2 4 The sale was subject to an Asset Sale Agreement ("the Agreement") and full details of the sale were disclosed to creditors on 5 September 2012 in accordance with Statement of Insolvency Practice 16
- 2 5 The following assets were sold to FRC Ltd under the terms of the Agreement:

Assets Sold	Purchase Price (£)
Goodwill	1
Business Name & Rights	1
Office Equipment	1,998
Stock & Work In Progress	15,000
Plant & Machinery	62,000
Total	80,000

- 2 6 Under the terms of the Agreement £8,000 was paid immediately upon completion and has been received
- 2 7 The remaining consideration was due in staged payment over the following 12 months and has been paid as follows

To be paid by no later than	Sum Due (£)	Sum Paid (£)
5 September 2012	10,000	10,000
5 October 2012	1,500	1,500
5 November 2012	6,050	6,050
5 December 2012	6,050	unpaid
5 January 2013	6,050	unpaid
5 February 2013	6,050	unpaid
5 March 2013	6,050	unpaid
5 April 2013	6,050	unpaid
5 May 2013	6,050	unpaid
5 June 2013	6,050	unpaid
5 July 2013	6,050	unpaid
5 August 2013	6,050	unpaid
Total	72,000	17,550

- 2 8 FRC Ltd ceased to trade in January 2013, on the basis that it was insolvent. The director of FPC Ltd instructed The Milner Boardman Partnership Limited to place the company into Creditors' Voluntary Liquidation and Darren Brookes was appointed as Liquidator on 31 January 2013. The Joint Administrators liaised with the proposed liquidator prior to his appointment and he advised that there is no prospect of a dividend to the Company in respect of the remaining deferred consideration due under the Agreement.
- 2 9 The Joint Administrators obtained a personal guarantee from the director of the Company and FPC Ltd, Mr Timothy Daffurn, for the entire balance due under the Agreement to protect the creditor's interests in the event that FPC Ltd was unable to discharge its obligations in full. The Joint Administrators will now rely on this guarantee and pursue the director for the outstanding deferred consideration of £54,450.

Antecedent Transactions

- 2 10 Antecedent Transactions occur in the period preceding insolvency and result in one or more creditors being treated more favourably than the others, or where a person other than a creditor benefits from the actions conducted by the Company, or where transactions have occurred prior to Administration for disposal of assets for less than proper value. The Joint Administrators have the powers to seek to reverse these transactions or to pursue the relevant recipient to restore value to the Company.
- 2 11 The Joint Administrators have identified transactions totalling £22,000 which may result in a further recovery into the Administration. Further details will be provided at a later date after the counterparties involved have had chance to provide a formal response.

Sundry refunds

- 2 12 The Joint Administrators have recovered two credit balances from United Utilities totalling £111.28 as shown in **Appendix A**.

Trade Debt Ledger

- 2 13 Collection of the Company's Trade Debt Ledger was undertaken directly by Bibby Financial Services Limited ("Bibby") who hold security over the debts (see Section 7.2 for further detail) with the assistance of the director and FPC Ltd. The value of the Trade Debt Ledger was £298,292.56 as at the date of Administration, and the balance outstanding to them was £274,525.50.

2 14 Funding For Business Limited was instructed by the Joint Administrators on 15 November 2012 to carry out a review of the Trade Debt Ledger that was assigned to Bibby prior to Administration. It was advised that that the balance outstanding to Bibby, at that time, was £6,008 52 and the likely recoverable balance on the ledger totalled £13,410 37. There is the potential further recovery of £7,401 85, dependant on the costs incurred by Bibby in collection.

3 Investigations

3 1 In accordance with the Company Directors Disqualification Act 1986 I have submitted a report on the conduct of the Directors of the Company to the Department for Business Innovation & Skills ("BIS"). As this is a confidential report, I am not able to disclose the contents.

3 2 The report requires the following as a minimum standard:

- A full review of the Company's books, records and other accounting information
- Examining the Company's financial records to ensure that changes in the financial position of the Company, for example movements of assets and any unusual payments, can be satisfactorily accounted for
- Considering the trading position where there is a material deficiency since the last financial statement
- Reviewing transactions with associated companies or connected persons to ensure transactions are at arm's length
- Checking movements on directors' loan accounts or other accounts where they have given a guarantee
- Reviewing all information supplied by creditors who have expressed particular concern over the company's dealings or directors' conduct
- Considering whether the initial investigation and assessment reveals any matters that suggest there are grounds for a more detailed investigation or any rights of action against third parties

3 3 Following my appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further

investigations may be appropriate and as per Section 211 may lead to further recoveries for the estate

4 Pre-Administration Costs

- 4.1 Pre-Administration Costs are time and expenses that were incurred prior to the formal appointment of Joint Administrators. These costs in this matter amounted to £6,980.75, representing 32.95 hours at an average cost of £211.86 per hour.
- 4.2 The Pre-Administration Costs were reported in my proposals dated 5 September 2012 and the proposals were deemed approved on 24 September 2012. Following approval £5,646.75 has been paid to CLB Coopers as an expense of the Administration. No further funds will be taken in respect of these costs.
- 4.3 In accordance with the Proposals dated 5 September 2012 I confirm that professional charges incurred prior to appointment in drafting the Asset Sale Agreement of £2,000 plus VAT have been paid to Bermans LLP. In addition Agents costs incurred valuing the Company's assets of £1,225.00 have been paid to Wignall Brownlow LLP as an expense of the Administration.

5 Joint Administrators' Remuneration

- 5.1 The Creditors approved that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by their staff in managing the Administration.
- 5.2 The Joint Administrators' time costs for the period 23 August 2012 to 22 February 2012 are £29,769.30. This represents 188.40 hours at an average rate of £158.01 per hour. Attached as **Appendix B** is a Time Analysis which provides details of the activity costs incurred, by staff grade, during this period in respect of the costs fixed by reference to time properly spent by me in managing the Administration. To date, £12,054.55 has been drawn on account of costs accrued.
- 5.3 A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from www.clbcoopers.co.uk by following the link to 'Business Restructuring and Insolvency' and clicking on Creditors' Guides to Fees'.

- 5 4 Attached as **Appendix D** is additional information in relation to this firm's policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade
- 5 5 Set out at **Appendix E** is a summary of the work undertaken to date as summarised in **Appendix B**.
- 5 6 Since the date of appointment the following Category 2 disbursements have been recharged to the Administration and paid

Category 2 Expenses	(£)
Travel	56 70
Total	56.70

6 Joint Administrators' Expenses

- 6 1 The expenses incurred by the Joint Administrators in the period from 23 August 2012 to 22 February 2012 are as follows

Supplier / Service Provider	Nature of expense incurred	Amount incurred to date (£)	Paid to date (£)	Amount Outstanding (£)
AUA Insolvency Risk Services Ltd	Professional Insurance	135 00	135 00	Nil
Funding For Business Limited	Professional Advice in relation to the Trade Debt Ledger	500 00	500 00	Nil
Bermans LLP	Court Fee	35 00	35 00	Nil
Bermans LLP	Professional assistance in relation to the appointment of Administrators	500 00	500 00	Nil
Legal & Public Notices Advertising Agency Ltd	Statutory Advertising	135 00	135 00	Nil

7 Estimated Outcome for Creditors

- 7 1 An Estimated Outcome Statement as at 22 February 2013 is attached at **Appendix C**

Secured Creditors

- 7 2 Bibby Financial Services Limited ("Bibby") have the benefit of a debenture incorporating a fixed and floating charge over the Company's assets. This debenture was created on 15 August 2012 and registered at Companies House on 16 August 2012. As at the date of Administration the indebtedness to the secured creditor was £274,525.50, and the balance of the Trade Debt Ledger they are collecting was £298,292.56. It is anticipated that Bibby will make sufficient realisations to recover their indebtedness in full; however, they will be entitled to make a claim against the Company in Administration in respect of any shortfall.

Preferential Creditors

- 7 3 Following the sale of the Company's business and assets, all 24 of the Company's employees were transferred to FPC Ltd. The payroll and holiday entitlements were paid by FPC Ltd, and there is therefore no preferential claim in the Administration.

Unsecured Creditors

- 7 4 I have received claims totalling £262,255.29 from 17 creditors. I have yet to receive claims from 33 creditors. I will write to all unsecured creditors to submit a Proof of Debt Form along with supporting documentation before any distribution is made.

The Reserved Fund for Unsecured Creditors

- 7 5 The Prescribed Part (Section 176A to the Insolvency Act 1986) applies where a company has gone into liquidation or administration or a provisional liquidator or receiver has been appointed and the company has created a floating charge on or after 15 September 2003.
- 7 6 The office holder must make a prescribed part of the Company's net property available to unsecured creditors and not distribute it to the floating charge holder.
- 7 7 'Net property' means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets, i.e. after accounting for preferential debts and the costs of realisation. This equates to
- 50% of the first £10,000 of net property,
 - Plus 20% of net property in excess of £10,000
 - Subject to a maximum of £600,000

7 8 Creditors should note that it may be necessary to make an application to the Court to disapply the prescribed part under Section 176(5) of the Insolvency Act 1986 where the cost of making a prescribed part distribution is deemed to be disproportionate to the benefits. If the Company's net property is below the statutory minimum then the prescribed part can be automatically disapplied if the office holder considers that the costs of distributing are disproportionate to the benefits.

7 9 I am only required to create a fund out of the Company's net floating charge property for unsecured creditors in the event of a shortfall to Bibby from the Trade Debt Ledger.

8 Ending the Administration

8 1 Based on present information, the Joint Administrators think a dividend will be paid to the unsecured creditors, at least under the provisions of the Prescribed Part. In this situation, the Joint Administrators will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation (CVL). The Joint Administrators will become the Joint Liquidators.

8 2 The Joint Administrators will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect.

9 Creditors' rights


9 1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) 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 this progress report.

9 2 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, in all the circumstances, the basis fixed for the Joint Administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Joint Administrators, as set out in this progress report, are excessive.

10 Next report

- 10 1 I am required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised or I wish to extend it

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mark Getliffe', with a stylized flourish at the end.

Mark Getliffe
Joint Administrator

FRC Packaging Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments
To 22/02/2013

Appendix A

S of A £		£	£
	FIXED CHARGE ASSETS		
261,000 00	Trade Debt Ledger	NIL	NIL
	ASSET REALISATIONS		
62,000 00	Plant & Machinery inc tooling equipme	NIL	
1,000 00	Fixtures & Fittings	NIL	
1 00	Goodwill	NIL	
1 00	Business Name & Rights	NIL	
15,000 00	Stock & Work in Progress	NIL	
1,998 00	Office Equipment	NIL	
	Consideration due under SPA	25,550 00	
	Sundry Refunds	111 28	
			25,661 28
	COST OF REALISATIONS		
	Specific Bond	135 00	
	CLB Coopers pre-appointment costs	5,646 75	
	Joint Administrators' Remuneration	12,054 55	
	Agents/Valuers Fees	1,225 00	
	Professional Advice	500 00	
	Legal Fees	2,500 00	
	Legal Disbursements	35 00	
	Travel	56 70	
	Statutory Advertising	135 00	
			(22,288 00)
	FLOATING CHARGE CREDTS		
(261,000 00)	Bibby Financial Services Ltd	NIL	NIL
80,000 00			3,373 28
	REPRESENTED BY		
	VAT Receivable		4,350 60
	Current Account		240 68
	CLB Coopers creditors		(1,218 00)
			3,373 28

To 22/02/2013

HOURS							
Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	6 10	6 70	36 10	5 00	53 90	7,624 20	141 45
Investigations	0 00	3 40	20 60	0 00	24 00	3,030 10	126 25
Realisation of Assets	9 65	12 80	23 00	0 00	45 45	8,982 35	197 63
Creditors	8 15	12 90	41 80	1 30	64 15	10,043 05	156 56
VAT / Tax Compliance	0 00	0 00	0 90	0 00	0 90	89 60	99 56
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Fees Claimed £	8,484 00	8,234 00	12,509 50	541 80		29,769 30	
Total Hours	23 90	35 80	122 40	6 30	188 40		
Average Rate	354 98	230 00	102 20	86 00			

ESTIMATED OUTCOME STATEMENT AS AT 22 FEBRUARY 2013

ASSETS	BV £	Realised to Date £	Estimated Further Realisations £
Specifically Pledged Assets			
Trade Debt Ledger	261,000	298,293	298,293
Less Due to Bibby's	(261,000)	(274,526)	(274,526)
Balance c/d	<u>0</u>	<u>n/k</u>	<u>n/k</u>
Floating Charge Assets			
Surplus from Trade Debt Ledger		Nil	Nil
Consideration Due under SPA		25,550	54,450
Antecedent Transactions		Nil	22,000
Estimated total Floating charge assets		<u>25,550</u>	<u>76,450</u>
LIABILITIES & COSTS			
Costs			
Joint Administrators' Fees		(29,769)	-
Est Future Joint Administrators' Time Costs			(15,000)
Joint Administrators' Disbursements		(327)	-
Est Future Joint Administrators' Disbursements			(500)
Legal Fees		(2,500)	(2,500)
Agents and Valuers fees		(1,225)	Nil
Total Estimated Costs		<u>(33,821)</u>	<u>(18,000)</u>
Estimated Total Funds Available for Creditors			<u>50,179</u>
Shortfall to Bibby's b/d			Nil
Funds Available to the Unsecured Creditors			<u>50,179</u>
Estimated Unsecured Creditors			
HMRC PAYE and NIC			(75,000)
HMRC VAT			(35,000)
Trade and Expense Creditors			(234,000)
Total Unsecured Claims			<u>(344,000)</u>
Total Estimated Shortfall as regards general unsecured creditors			<u>(293,821)</u>
Estimated return to general creditors			<u>0 15</u>

Appendix D

CLB COOPERS

CHARGING AND DISBURSEMENTS POLICY PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9

Policy

CLB Coopers' policy from 30 April 2012 in relation to

- Staff allocation and the use of subcontractors
- Professional advisors
- Disbursements

is set out below

Staff allocation and the use of subcontractors

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

The constitution of the case team will usually consist of a Partner, Manager, Administrator and Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and on larger, more complex cases, several Administrators may be allocated to meet the demands of the case.

We operate a time recording system which allows staff working on the case along with the office holders to allocate their time to the case in 6 minute units. Time costs are recorded at the individual's hourly rate in force at that time which is detailed below. The rates shown are exclusive of VAT.

We have not utilised the services of any subcontractors in this case.

Professional advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Bermans LLP (legal advice)	Hourly rate & disbursements
Funding For Business Limited	Fixed Fee
Wignall Brownlow (Agents & Valuers)	Time costs, commission and disbursements

Disbursements

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

Category 1 disbursements are charged as follows -

- Company and other Search costs are charged at cost
- Case related travel and accommodation is charged as a reimbursement of the actual cost incurred
- Statutory Advertising is charged as a reimbursement of the actual cost incurred
- All other disbursements are charged at cost
- VAT is added to disbursement charges as necessary

Where we propose to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs such as room hire, document storage or communication facilities provided by us then they must be disclosed and authorised by those responsible for approving the office holders remuneration. Such expenditure is referred to as a "category 2 disbursement". The following items of expenditure are recharged on this basis and are believed to be in line with the cost of the external provision.

Category 2 disbursements are charged as follows -

- Business mileage for case related travel is charged at standard rates which comply with Inland Revenue limits. This rate is currently 45p per mile.
- Internal Photocopying - A charge of 10 pence per sheet is charged for reports and circulars issued to creditors, shareholders, employees and general contacts. No additional charge is made for individual items of correspondence.
- Postage will be charged in accordance with the current Royal Mail Price Guide for first class post dependent upon the size and weight of the item as amended from time to time. By way of illustration as at 1 May 2012 these rates are -

	Stamps	Franking
Weight	Price	Price
Letter		
0-100g	60p	44p
Letter Large		
0-100g	90p	66p
101-250g	£1 20	92p
251-500g	£1 60	£1 24
501-750g	£2 30	£1 76

- Meeting Room Facilities – Where statutory meetings of shareholders and or creditors are held at one of CLB Coopers offices a charge of £75 is made
- Storage of CLB Coopers files including confidential destruction costs £75 00 for up to 8 files
- Storage Boxes £2 25 per box
- Storage of books and records will be charged at a rate of 25 pence per box per month Collection and delivery of boxes will be charged at £10 per consignment
- Destruction of the books and records will be charged at the rate of £3 95 per box
- VAT is added to disbursement charges as necessary

Category 2 disbursements charged since my last report are as follows -

Type and purpose	
Travel	£56 70

Charge-out rates

Charge out rates of the partners and staff of CLB Coopers effective from 6 June 2011 are shown below

Grade of Staff	Rate per hour £
Partner	320 -375 00
Manager	230 00
Administrator	136 00
Assistants and Support Staff	95 00

A copy of the guide to fees is available on request from CLB Coopers or can be downloaded from our website clbcoopers.co.uk Follow the link to Business Restructuring and Insolvency and click on Creditors' Guides to Fees

Appendix E

ADDITIONAL INFORMATION IN RELATION TO OFFICE HOLDERS' FEES PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9

1 Policy

Set out in **Appendix D** is CLB Coopers' policy in relation to

- Staff allocation and the use of subcontractors
- Professional advisors
- Disbursements

2 Activities Undertaken

The standard activities – administration and planning, Investigations, realisation of assets, trading, creditors and other case matters which make up the classification of work function provide creditors with a summary of the work carried out by the Office Holders and their staff. Full details of the time and charge out summary are set out in the attached table. The classification of work with further examples of work carried out is as follows –

Standard Activity	Examples of Work
Administration & Planning	Case strategy
	Case planning
	Administrative set up
	Appointment notification and formalities
	Maintenance of records
	General accounting
	Statutory reporting & meetings
	Bonding and bordereau
	Fees and WIP
	General cashiering
	Reconciliations
	Periodic reviews

Standard Activity	Examples of Work
Investigations	CDDA reports
	Questionnaires and checklists
	Antecedent transactions
Realisation of Assets	Identifying, securing, insuring assets
	Corresponding with Bibby Financial Services Ltd and Funding For Business regarding the Trade Debt Ledger
	Sale of business and assets
	Leasehold property issues
	Health and safety
Creditors	Creditor queries
	Creditor correspondence
	Reporting to Creditors
	Legal claims
	Recording Creditor claims (all categories)
	Employees queries
	Pre Appointment VAT/PAYE/CT
Other Case Matters	Non specific items not included in other categories
VAT & Tax Compliance	Post appointment VAT, PAYE and Tax issues