

The Insolvency Act 1986

**Administrators' progress report**

Name of Company

CWIO Limited

Company number

03231932

In the  
High Court of Justice, Chancery Division,  
Birmingham District Registry

(full name of court)

Court case number  
8379 of 2010(a) Insert full  
name(s) and  
address(es) of  
administrator(s)We (a)  
Kenneth Robert Craig  
RSM Tenon Recovery  
160 Dundee Street  
Edinburgh  
EH11 1DQThomas Campbell MacLennan  
RSM Tenon Recovery  
160 Dundee Street  
Edinburgh  
EH11 1DQ

Joint Administrators of the above company attach a progress report for the period

From

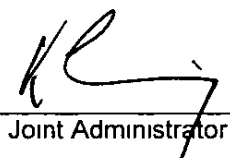
To

(b) Insert date

(b) 13 August 2010

(b) 12 February 2011

Signed

  
Joint Administrator

Dated

24 March 2011

SATURDAY

\*ATNTUSRW\*  
A27 26/03/2011 300  
COMPANIES HOUSE

## Rule 2.48

## Notice of conduct of business by correspondence

Name of Company

CWIO Limited

Company number

03231932

In the  
High Court of Justice, Chancery Division,  
Birmingham District

Court case number

8379/2010

(a) Insert full name(s)  
and address(es) of  
administrator(s)Notice is hereby given by  
K R Craig  
RSM Tenon  
2 Blythswood Square  
Glasgow, G2 4ADT C MacLennan  
RSM Tenon  
160 Dundee street  
Edinburgh, EH11 1DQ(b) Insert full name and  
address of registered  
office of the companyto the creditors of CWIO Limited  
Sherlock House, 73 Baker Street, London, W1U 6RD(c) Insert number of  
resolutions enclosedthat, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed is a  
resolution for your consideration Please indicate below whether you are in favour or  
against the resolution(d) Insert address to  
which form is to be  
delivered**This form must be received at (d) RSM Tenon, 160 Dundee Street, Edinburgh, EH11 1DQ**

(e) Insert closing date

by 12 00 hours on **7 April 2011** in order to be counted  
Failure to do so will lead to your vote(s) being disregardedRepeat as necessary for  
the number of resolutions  
attached

\*Delete as appropriate

**Resolution 1**That the Joint Administrators fees of  
£64,025 00 plus VAT and disbursements of  
£861 53 be approved**I am \*in Favour / Against****TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:****Name of creditor:****Signature of creditor****(If signing on behalf of creditor, state capacity e.g. director/solicitor)**If you require any further details or clarification prior to returning your votes, please  
contact me/us at the address above

Signed

Joint Administrator

Dated

24/03/2011

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**CWIO Limited (“the Company”) – In Administration**

**Joint Administrators’ First Progress Report  
for the period from 13 August 2010 to 12 February 2011**

**Issued on: 24 March 2011**

Kenneth Robert Craig and Thomas Campbell MacLennan of RSM Tenon Recovery are the Joint Administrators of the Company and this is their report on the progress of the Administration of the Company for the period from 13 August 2010 to 12 February 2011

## **1. Statutory Information**

Statutory information relating to the Company is attached at **Appendix I**

## **2. Joint Administrators' receipts and payment account**

A summary of the Joint Administrators' receipts and payments account relating to the Company for the relevant period from 13 August 2010 to 12 February 2011 is attached at **Appendix II**

## **3. Action taken by the Joint Administrators since appointment**

I can confirm that the Joint Administrators' proposals for achieving the purpose of the Administration were approved by creditors without modifications on 22 October 2010

On appointment, the Company's five retail stores were closed and the related staff were made redundant. The online website operation and the warehouse facility at Chadderton, along with the employees involved at these sites, were retained in a holding operation with a view to securing a sale of the remaining business and assets. Trading could not be continued over this time because customer orders and cash could not be taken online.

It was necessary to carry out a holding operation in an effort to retain value and maximise recovery from the remaining assets, whilst minimising the liability exposure for creditors. An extensive marketing exercise commenced on 17 August 2010, a result of which was that c200 sales packs were issued and enquiries for further information and site visits were dealt with up to the closing date for offers of 26 August 2010. After reviewing all offers received, an agreement was entered into with the preferred purchaser and a sale of the business concluded on 14 September 2010.

The offer accepted represented an open market value for the business and assets given the high number of offers received. It constituted an initial payment at the conclusion of the sale, representing the majority of the overall consideration, and two further payments which were deferred to allow finalisation of the stock position. The first of these deferred payments has been received and the second deferred payment has been finalised and is due by the 31 March 2011.

Following the identification of a preferred bidder and confirmation of their plans for the business going forward, an extensive stock recovery operation was undertaken to return the substantial levels of stock which remained at the retail units to the warehouse in Chadderton. Due to the geographical spread of the retail outlets and the limited capacity of the warehouse to handle this, the process was completed over a number of weeks, however it removed the requirement for suppliers to visit multiple locations to identify stock.

The five retail units have been returned to the respective landlords with two being formally surrendered and one other being progressed.

Following the return of stock to the warehouse, creditors with claims of retention of title over goods supplied were contacted to advise of the position and they were invited to attend the warehouse to identify stock. This process

has now been completed and the final position to agree suppliers' claims is being progressed

In respect of the various customer orders which were outstanding at 13 August 2010 and monies which were held by credit card companies at that time, the majority of refunds have been applied to the relevant customers. This process has been conducted over a period of four months and we are continuing to assist in order to gather funds held by the merchant facility providers in respect of orders which had been fulfilled on appointment.

Administrators have a duty to submit confidential reports to the government's Disqualification Unit on the conduct of those persons who acted as directors of the Company in the three year period before the Administration and these have been completed.

#### **4. Future Actions of the Joint Administrators**

The stock position is being finalised and the final deferred payment in respect of the sale of the business and assets will be ingathered.

All other matters pertinent to completion of the Administration are being finalised and I expect to complete these within the statutory 12 month deadline from the date of my appointment.

As there is likely to be sufficient funds to pay a dividend to the unsecured creditors, the Administration will be converted to a Creditors Voluntary Liquidation for the purposes of making such a distribution. In line with the Administration proposals which were accepted on 22 October 2010, the Joint Administrators will be appointed as Joint Liquidators. At this stage the level of the final dividend cannot be quantified due to a number of outstanding matters.

#### **5. Joint Administrators' Remuneration, Disbursements and Expenses**

##### *Basis of remuneration and disbursements*

As a result of the agreement of the Administrators' proposals, the Joint Administrators' proposals relating to their remuneration and disbursements were approved. This provided for the Joint Administrators to be remunerated with reference to time properly spent in dealing with matters in the administration and that disbursements would be drawn in accordance with the tariff outlined in **Appendix III**.

##### *Remuneration charged and drawn in the period*

The Joint Administrators' time costs were charged (exc VAT) as follows

	<b>Time Cost</b>	<b>Paid</b>
From appointment - 13 August 2010 to 6 October 2010	£149,675 00	£149,675 00
Subsequent period - 7 October 2010 to 12 February 2011	£ 64,025 00	£nil

In accordance with Statement of Insolvency Practice 9 attached at **Appendix III** is a breakdown of the time costs for the period 7 October 2010 to 12 February 2011.

The time costs and fees for the period 13 August 2010 to 6 October 2010 were advised and approved in the circular to creditors on 6 October 2010

From the end of this reporting period, 13 February 2011 to the current date, further time costs have been incurred of £10,032 50 representing 48 5 hours and £nil has been drawn

#### *Disbursements incurred and drawn*

The Joint Administrators' disbursements incurred during the period of this report and those reimbursed in the period are summarised below Details are in the attached **Appendix III**

No category 2 disbursements have been charged nor will be recovered in this matter

	<b>Incurred</b>	<b>Paid</b>
Category 1 disbursements for the period 7 October 2010 to 12 February 2011	£861 53	£nil
Category 2 disbursements for the period 7 October 2010 to 12 February 2011	£nil	£nil
<b>Total</b>	<b>£861.53</b>	<b>£861.53</b>

The Joint Administrators' disbursements incurred during the period 13 August 2010 to 6 October 2010 of £7,484 59 were advised and approved in the circular to creditors on 6 October 2010

Creditors have a right to request further information from the Administrators and additionally have a right to challenge the Administrators' remuneration and expenses time limits apply Details can be found in the document 'Remuneration Guidelines Administration (post 6 April 2010)' which you can access and download at <http://www.rsmtenon.com/creditorguides> Alternatively a copy is available free of charge upon request from the address above

## **6. Meeting of Creditors**

I intend to hold a meeting of creditors by correspondence to approve my remuneration and disbursements outlined above for the period 7 October 2010 to 12 February 2011 I enclose formal notice of conduct of business by correspondence (Form 2 25B) I must receive your completed forms by no later than noon on 7 April 2011 You are not required to vote at the meeting by correspondence, and if you do not do so then this will not affect your rights against the company Creditors whose claims are wholly secured are not entitled to vote at this meeting

Whilst I have decided to hold a meeting by correspondence, creditors whose debts amount to at least 10% of the total debts of the Company can require me to convene an actual meeting of creditors Such a request must be made to me on Form 2 21B within 5 business days of the date of this progress report

## **7. End of Administration**

As outlined in the initial report to creditors it is the Joint Administrators intention to exit the Administration into Creditors Voluntary Liquidation At this stage it is anticipated that this will take place at the automatic statutory end of the Administration

It was also resolved at a meeting of creditors held by correspondence that upon the Company either proceeding into Creditors Voluntary Liquidation or dissolution, the Joint Administrators discharge from liability, pursuant to

paragraph 98 of Schedule B1, shall take effect 14 days following either the Company entering into liquidation or filing the notice of moving from Administration to dissolution

**Kenneth Robert Craig**

**Joint Administrator**

*Licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland  
The affairs, business and property of the Company are being managed by the Administrators*

## **Appendix I**

### **Company Information**

Company Name	CWIO Limited
Previous Name	Findel Direct Limited
Company Number	03231932
Date of Incorporation	31 July 1996
Trading Address	Greengate, Middleton, Manchester, M24 1FD
Current Registered Office	Sherlock House, 73 Baker Street, London, W1U 6RD
Former Registered Office	Church Bridge House, Henry Street, Accrington, Lancashire, BB5 4EH
Principal Trading Activity	Retail

### **Appointment details**

Joint Administrators' name and address	Kenneth Robert Craig and Thomas Campbell MacLennan, both of RSM Tenon Recovery, 160 Dundee Street, Edinburgh, EH11 1DQ
Date of appointment	13 August 2010
Court Name and Reference	High Court of Justice, Chancery Division, Birmingham District Registry 8379 / 2010
Appointment made by	CWIO Ltd, the company Church Bridge House, Henry Street, Church, Accrington, Lancashire, BB5 4EH
Actions of Joint Administrators	Any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Administrators acting jointly or alone

**CWIO Limited**  
**(In Administration)**  
**Joint Administrators' Trading Account**

<b>Statement of Affairs</b>	<b>From 13/08/2010 To 12/02/2011</b>	<b>From 13/08/2010 To 12/02/2011</b>
<b>PURCHASES</b>		
Purchases	3,957 45	3,957 45
	<u>(3,957 45)</u>	<u>(3,957 45)</u>
<b>OTHER DIRECT COSTS</b>		
Salary and wages fund	49,953 00	49,953 00
Retained staff post appointment wages	(101,215 55)	(101,215 55)
Retained staff pre-appointment wages	(26,278 03)	(26,278 03)
Redundant staff pre appointment wage	(16,165 05)	(16,165 05)
	<u>(93,705 63)</u>	<u>(93,705 63)</u>
<b>TRADING EXPENDITURE</b>		
Indirect Labour	180 91	180 91
Carriage	1,602 59	1,602 59
Repairs & Maintenance	937 20	937 20
Vehicle Costs	3,345 00	3,345 00
Postages	425 53	425 53
IT Hosting	10,945 00	10,945 00
Ransom Payments	18,945 00	18,945 00
Sundry expenses	79 05	79 05
	<u>(36,460 28)</u>	<u>(36,460 28)</u>
<b>TRADING SURPLUS/(DEFICIT)</b>	<b><u>(134,123.36)</u></b>	<b><u>(134,123.36)</u></b>

**CWIO Limited**  
**(In Administration)**  
**Joint Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 13/08/2010 To 12/02/2011	From 13/08/2010 To 12/02/2011
<b>ASSET REALISATIONS</b>		
Stock	157,079 38	157,079 38
Book Debts	34,976 13	34,976 13
Sale of Business	210,000 00	210,000 00
Cash at Bank	505,652 65	505,652 65
Rates refunds	NIL	NIL
Sundry refunds	24,520 85	24,520 85
Bank Interest Gross	262 87	262 87
Trading Surplus/(Deficit)	(134,123 36)	(134,123 36)
	<u>798,368 52</u>	<u>798,368 52</u>
<b>COST OF REALISATIONS</b>		
Legal Fees	25,675 72	25,675 72
Professional Fees	12,526 91	12,526 91
	<u>(38,202 63)</u>	<u>(38,202 63)</u>
<b>COST OF ADMINISTRATION</b>		
Specific Bond	528 00	528 00
Public Notices	75 60	75 60
Bank Charges	3,550 00	3,550 00
Pre appointment staff expenses	2,661 10	2,661 10
Post appointment staff expenses	2,769 41	2,769 41
Liquidators fees	157,484 59	157,484 59
	<u>(167,068 70)</u>	<u>(167,068 70)</u>
	<u><b>593,097.19</b></u>	<u><b>593,097.19</b></u>
<b>REPRESENTED BY</b>		
VAT Receivable		40,913 67
Bank 1 - Current		547,494 80
Bank 2 - Wages Account		5,431 50
Office		(528 00)
Other wages and salaries deductions		(214 78)
		<u><b>593,097.19</b></u>

Kenneth Robert Craig  
Joint Administrator

## **Appendix III – Information relating to the Joint Administrators' Fees and Expenses**

## **Appendix III**

### **CWIO Limited**

#### **Information relating to the Joint Administrators' Fees and Expenses**

##### **1. Explanation of Administrators' charging and disbursement recovery policies**

###### **1.1. Time recording**

Work undertaken on cases is recorded in 6 minute units in an electronic time recording system. Time properly incurred on cases is charged at the hourly rate of the grade of staff undertaking the work that applies at the time the work is done. The current hourly charge-out rates are

	Rate since 01/01/2010 £
Director and licensed Insolvency Practitioner	340
Associate Director	275
Senior Manager	255
Manager	220
Senior Administrator	190
Administrator	150
Secretarial and support staff	85
Cashier	85

###### **1.2. Disbursement recovery**

Disbursements are categorised as either Category 1 or Category 2

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Where these have initially been paid by RSM Tenon Recovery and then recharged to the case, approval from creditors is not required. The amount recharged is the exact amount incurred. Examples of Category 1 expenses are postage, case advertising, specific bond insurance, company search fees, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

Category 2 disbursements include elements of shared or allocated costs incurred by RSM Tenon Recovery and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, and internal storage.

Case Name CWIO Limited In Administration Period 7 October 2010 to 12 February 2011										
Classification of Work Function	Hours								Time Cost £	Average Hourly Rate £
	Director	Associate Director	Senior Manager	Manager	Senior Administ	Other Senior Staff	Assistants & Support Staff	Total Hours		
Administration and Planning	3 0		16 0		35 0	10 0	0 0	64 0	13,250 00	207 03
Realisation of Assets / Completion of Business Sale	1 0		14 0		16 0		0 0	31 0	6,950 00	224 19
Trading/Holding	0 0		16 0		23 0		0 0	39 0	8,450 00	216 67
Employee Matters	1 0		5 0	6 0	0 0		0 0	12 0	2,935 00	244 58
Retention of Title	0 5		17 0		86 0	0 0	0 0	103 5	20,845 00	201 40
Creditors	2 0		18 0		23 0	0 0	9 0	52 0	10,405 00	200 10
Debtors	0 5		4 0		0 0			4 5	1,190 00	264 44
Total	8 0	0 0	90 0	6 0	183 0	10 0	9 0	306 0	64,025 00	209 23

#### Chargeout Rates

£

Director	340
Associate Director	275
Senior Manager	255
Manager	220
Senior Administrator	190
Other Senior Staff	150
Assistants/Cashier and Support Staff	85

