

The Insolvency Act 1986

Administrator's progress report

Name of Company:
Barncrest Trading Limited

Company number:
03696860

In the:
High Court of Justice, Bristol District
Registry

[full name of court]

Court case number
332 of 2011

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

I / We (a) Ian Edward Walker of Begbies Traynor (Central) LLP, Balliol House, Southernhay Gardens, Exeter, EX1 1NP and Julie Anne Palmer of Begbies Traynor LLP, 65 St Edmunds Church Street, Salisbury, Wiltshire, SP1 1EF

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

(b) Insert dates

from

to

(b) 16 August 2012

(b) 18 January 2013

Signed


Joint Administrator

Dated:

14 February 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.

Begbies Traynor (Central) LLP

Balliol House, Southernhay Gardens, Exeter, EX1 1NP

Tel Number 01392 260800

Fax Number 01392 260801

DX Number

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Companies House, Crown Way, Cardiff, CF14 3UZ

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COMPANIES HOUSE

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FRIDAY

Ian Edward Walker and Julie Anne Palmer were appointed joint administrators on 15 March 2011

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

Barncrest Trading Limited (In Administration)

Progress report of the joint administrators pursuant to Rule 2.47 and 2.112 of The Insolvency Rules 1986

Period: 16 August 2012 to 18 January 2013

Important Notice

This 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.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Barncrest Trading Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 15 March 2011
"the administrators", "we", "our", "us"	Ian Edward Walker of Begbies Traynor (Central) LLP, Balliol House, Southernhay Gardens, Exeter, EX1 1NP and Julie Anne Palmer of Begbies Traynor LLP, 65 St Edmunds Church Street, Salisbury, Wiltshire, SP1 1EF
"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"	(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	Bamcrest Trading Limited
Trading name(s)	None
Date of Incorporation	18 January 1999
Company registered number	03696860
Company registered office	Balliol House, Southernhay Gardens, Exeter, EX1 1NP

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of the administrators	Ian Edward Walker, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Balliol House, Southernhay Gardens, Exeter, EX1 1NP and Julie Anne Palmer, a Licensed Insolvency Practitioner of Begbies Traynor LLP, 65 St Edmunds Church Street, Salisbury, Wiltshire, SP1 1EF
Date of appointment	15 March 2011
Court	High Court of Justice, Bristol District Registry
Court Case Number	332 of 2011
Person(s) making appointment / application	HSBC Bank plc of 8 Canada Square, City of London, E14 5HQ
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.
Extensions of the administration period	The administration period was extended with the consent of creditors for a period of 6 months until 15 September 2012 and for a further period of 6 months by Order of the Court until 15 March 2013.

4. PROGRESS DURING THE PERIOD

This report should be read in conjunction with the administrators' previous reports dated 9 May 2011, 14 October 2011, 14 March 2012 and 15 August 2012

Attached at Appendix 1 is our abstract of receipts and payments for the period from 16 August 2012 to 18 January 2013

ASSETS SPECIFICALLY PLEDGED

RECEIPTS

Goodwill: £25,000

Marketing of the Company's business commenced on 11 June 2012 and we invited best and final offers from various interested parties by close of business 27 June 2012. This amount represents the amount received from the purchaser in respect of the Goodwill and Intellectual Property of the Company

PAYMENTS

Assignment of website: £1,722

This amount represents the legal fees incurred in the assignment of the website to the purchaser

Insolvency Risk Services, Insurance of property: £8,485

It was a requirement of the administrators to insure the freehold property of the Company. This amount represents the costs incurred in this regard

Alarm monitoring and maintenance: £278

It is a requirement of the Administrators insurance policy that the alarm for the property is active. This amount represents the costs incurred in this regard

Utilities: £18

This figure represents the amount paid to South West Water

Security of property: £432

It is a requirement of the administrators insurance that the freehold property of the Company is inspected on a bi-weekly basis. The administrators have instructed a security firm to carry out these inspections. This amount represents the costs incurred in this regard to date

ASSETS NOT SPECIFICALLY PLEDGED

RECEIPTS

Plant, machinery and office equipment: £57,628

Edward Symmons ("ES") were instructed to sell the Company's plant, machinery and office equipment. This was sold through an online auction

Directors loan account: £90

This amount represents the current amount recovered in respect of Mr Quintin Wyvern Batt's director's loan account. This is shown in greater detail in section 9 of this report

Michco debt (licence arrears and insurance recharge): £3,940

On termination of the licence agreement, an amount of £13,428 was due from Michco in respect of arrears of licence agreement payments and amounts due in respect of insurance premiums paid by the administration. This amount represents the current amount recovered in this regard

Dividends: £28

On commencement of the collection of the Company's book debts, it was discovered that some debtors had entered to insolvency proceedings. This amount represents the dividends received in respect of these debtors.

Bank interest: £60

This amount represents gross bank interest received during the period.

PAYMENTS**Morgan Cole LLP, Legal fees and disbursements: £35**

We instructed Morgan Cole, Solicitors, to assist and advise on most legal matters arising in the administration. To date the administration has only paid for disbursements incurred. Morgan Cole have accrued times costs of circa £20,000 to date. Further costs are likely to be incurred as Morgan Cole are continuing to assist the Administrators' with the sale of the property and other legal matters.

Simpkins Edwards, Chartered Accountants: Professional fees: £675

This amount represents the costs incurred in Simpkins Edwards, Accountants, completing a Corporation Tax return for the Company for the period of the administration.

Edward Symmons, Agent's fees and disbursements: £13,106

On appointment, ES were instructed to value the stock and fixtures and fittings of the Company. ES were also instructed to deal with the auction sale of the Company's plant and machinery and office equipment. This amount represents the agents' fees in this regard.

Clydesdale Bank, Hire purchase and lease payments: £9,208

This represents payments made in respect of equipment held under hire purchase agreements. All hire purchase agreements have now been discharged.

Prontaprint, Stationery and postage: £59

This amount represents costs incurred in the preparation and distribution of creditor reports.

Insurance of Assets: £2,237

This amount represents payments to Insolvency Risk Services in respect of insurance cover provided.

Distribution to Preferential Creditors: £4,387

Please see section 5 under Preferential creditors for further information regarding this payment.

5. ESTIMATED OUTCOME FOR CREDITORS

Secured creditors**HSBC Bank plc ("HSBC")**

As security, HSBC hold a debenture incorporating fixed and floating charges over the assets of the Company and a legal mortgage over the freehold property and various other assets.

HSBC also has an unlimited cross guarantee from the associated company, Aldemey Partners Limited ("Aldemey").

The balance outstanding to HSBC at the commencement of the administration relates to several loan and current accounts operated by the Company.

Based on the projected outcome it is likely that HSBC will suffer a shortfall in the administration.

Any shortfall to HSBC is likely to be covered to an extent by the associated company guarantee

Clydesdale Asset Finance ("Clydesdale")

Clydesdale provided hire purchase finance for a CNC router and combilift forklift. The relevant agreements were both dated January 2008. Both agreements have now been paid in full.

Alderney Partners Limited ("Alderney")

It is now anticipated that the unsecured creditors' of Alderney will not be paid in full, however an element of the Company's debt due to HSBC will be paid by the associated company under the terms of the associated company guarantee and Alderney will therefore have a subrogated claim against the Company. This means that Alderney will step "in the shoes" of HSBC in relation to the debt and will be able to rely on HSBC's security.

Preferential creditors

Preferential claims totalling £4,387 have been paid. On the termination of the licence agreement with Michco, it transpired that various employees had outstanding holiday pay. Under the licence agreement, upon the termination the employees transferred back to the administration and were made redundant. The Administration was therefore liable for the outstanding holiday pay. Mr Batt is a guarantor under the licence agreement and as such, the administration has requested repayment of these amounts from Mr Batt.

To date we have not received any claim from the Redundancy Payments Office ("RPO"). It is anticipated that a preferential claim of approximately £550 will be received from the RPO and this balance will be discharged from floating charge realisations. If the RPO's claim is substantially higher than our estimate, then it is likely not to be discharged in full.

Unsecured creditors

Unsecured creditors were estimated at £421,120.

Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors.

6. THE ADMINISTRATORS' REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration and we are authorised to draw disbursements, including disbursements for services provided by our firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with our firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

Our time costs for the period from 16 August 2012 to 18 January 2013 amount to £25,293 which represents 172 hours at an average rate of £147 per hour.

The following further information in relation to our time costs and disbursements is set out at Appendix 2.

- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value for the period 16 August 2012 to 18 January 2013
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

In addition to the table of time spent by us and our staff in attending to matters arising in the administration for the period covered by this progress report, a cumulative table of time spent and charge out value for the period from 15 March 2011 to 18 January 2013 and a description of the work undertaken by us and our staff since our appointment (contained in the narrative summary of time costs incurred) are also attached at Appendix 2

Our time costs for the period from 15 March 2011 to 18 January 2013 amount to £152,209 which represents 1,051 hours at an average rate of £145 per hour

No remuneration has been drawn to date

7. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred by us during the period of this progress report is attached at Appendix 3

8. ASSETS THAT REMAIN TO BE REALISED

Inter company account – Alderney Partners Limited: £413,400

The amount owed by Alderney relates to monies loaned from the Company to fund development costs. It has now transpired that creditors will not be paid in full. Based on current information we now estimate that no dividend will be payable to unsecured creditors from the Alderney administration.

Directors loan account – Mr Q Batt: £110,855

The administrators have requested repayment proposals from Mr Batt on numerous occasions. Our solicitors, Morgan Cole LLP, have now issued a statutory demand for full repayment.

Licence fee and insurance arrears: £13,428

Under the licence agreement, Michco had to pay the administration £1,000 plus VAT a week and also reimburse the administration for an element of insurance in respect of the factory freehold and the chattel assets. At present 12 weeks licence fees remain outstanding totalling £12,191 and £1,237 is due in respect of insurance. We are still pursuing this outstanding balance.

9. OTHER RELEVANT INFORMATION

Report on Directors conduct

As detailed in our statement of proposals, we have a duty to submit a report to the Department for Business, Innovation and Skills on the conduct of the directors. We have complied with our duties in this respect.

10. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 2.48A of the Rules, 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, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the Court), may request in writing that the administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been detailed in this progress report.

Right to make an application to Court

Pursuant to Rule 2.109 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the Court), may within 8 weeks of receipt of this progress report make an application to Court on the grounds that the remuneration charged or the expenses incurred by the administrators as set out in this progress report are excessive or, in relation to the basis fixed for the administrators' remuneration, inappropriate

11. CONCLUSION

Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, the administrator's term of office may be extended either by Court Order for a specified period or by consent of the creditors for a specified period not exceeding six months

We have previously extended the administration by 6 months with creditors consent pursuant to the paragraph 78 of Schedule B1 to the Insolvency Act 1986 and a second extension was granted by Order of the Court for the period until 15 March 2013

In order to ensure that the objective of the administration is achieved and that we have fully discharged our duties as administrators, it is necessary to extend the period of the administration. Accordingly we seek the consent of the Court to extend the period of administration for 12 Months up to 15 March 2014

We will report again in approximately six months time or at the conclusion of the administration, whichever is the sooner



J E Walker
Joint Administrator

Dated 24 January 2013

Barncrest Trading Limited (in Administration)

Joint Administrators' Account of Receipts and Payments as at 18 January 2013 incorporating an estimated outcome statement and a period account from 16 August 2012 to 18 January 2013

	15 March 2011 to 15 August 2012	Period Account 16 August 2012 to 18 January 2013	Total transactions to date	Forecast future transactions	Total
	£	£	£	£	£
Assets Specifically Pledged					
Land and Buildings	Not available	Not available	Not available	Not available	Not available
Goodwill	-	25,000	25,000	-	25,000
Assignment of Website	-	(1,722)	(1,722)	-	(1,722)
Morgan Cole LLP Legal Fees	-	-	-	(12,000)	(12,000)
Locksmiths fees	(252)	-	(252)	-	(252)
Insurance of Property	(8,485)	-	(8,485)	-	(8,485)
Edward Symmons, Property Consultants Agents Fees	(615)	-	(615)	(6,050)	(6,665)
EPC Certificate	(275)	-	(275)	-	(275)
Alarm monitoring and maintenance	-	(278)	(278)	-	(278)
Utilities	-	(18)	(18)	-	(18)
Security of Property	-	(432)	(432)	(150)	(582)
Begbies Traynor (Central) LLP Joint Administrators' Fees	-	-	-	(55,000)	(55,000)
Available to HSBC under it's fixed charge	(9,627)	22,550	12,923	(73,200)	(60,277)
Less Debt due to HSBC Bank plc under it's debenture	-	(737,653)	(737,653)	-	(737,653)
Shortfall as regards HSBC Bank plc in respect of its fixed charge c/d	-	-	-	-	(797,930)
Assets Not Specifically Pledged					
Receipts					
Plant & Machinery & Office Equipment	-	57,628	57,628	-	57,628
Stock	19,169	-	19,169	-	19,169
Director's Loan Account	-	90	90	-	90
Book debts	12,402	-	12,402	-	12,402
Michco debt (licence arrears and insurance recharge)	-	3,940	3,940	-	3,940
QB guarantor re Employee Holiday Pay	-	-	-	-	-
Licence Fees	46,500	-	46,500	-	46,500
Dividend Receipts - Dorset Pine Ltd	-	28	28	-	28
Rates Refund	948	-	948	-	948
Bank interest	70	60	130	30	160
Inter-company account - Alderney Partners Limited	-	-	-	-	-
Trading loss	(6,812)	-	(6,812)	(30,000)	(36,812)
Total	72,277	61,747	134,024	(29,970)	104,054
Payments					
Begbies Traynor (Central) LLP Joint Administrators' Fees	-	-	-	(13,368)	(13,368)
Begbies Traynor (Central) LLP Disbursements	(833)	-	(833)	(1,500)	(2,333)
Morgan Cole LLP Legal Fees and Costs	(419)	(35)	(454)	(15,000)	(15,454)
Simpkins Edwards, Chartered Accountants Professional Fees	-	(675)	(675)	-	(675)
Edward Symmons, Property Consultants Agents Fees	(2,604)	(11,082)	(13,687)	-	(13,687)
Clydesdale Bank HP and Lease Payments	(24,927)	(9,208)	(34,135)	-	(34,135)
Work in Progress	(14,127)	-	(14,127)	-	(14,127)
Prontaprint Stationery and postage	(369)	(59)	(428)	(200)	(628)
TMP (UK) Ltd Statutory advertising	(70)	-	(70)	(150)	(220)
Insolvency Risk Services Insurance of assets	(957)	(2,237)	(3,194)	-	(3,194)
The Willis Group Specific bond	(160)	-	(160)	-	(160)
Bank Charges	(1,137)	-	(1,137)	-	(1,137)
Total	(45,603)	(23,296)	(68,899)	(30,218)	(99,117)
Surplus as regards assets not specifically pledged	26,674	38,450	65,125	(60,188)	4,937
Less Distribution to Preferential creditors	-	(4,387)	(4,387)	(550)	(4,937)
Surplus available for floating charge holder	26,674	34,064	60,738	(60,738)	0
Less Distribution to HSBC	-	-	-	-	-
Shortfall to HSBC to be claimed in Alderney	-	-	-	-	(797,930)
Balance	-	-	-	-	-

Barncrest Trading Limited (in Administration)
Trading Account for the Period from 15 March 2011 to 3 June 2011

	Received/ (paid) to date £	Estimated future movement £	Estimated final position £
Receipts			
Sales	156,281	-	156,281
	<u>156,281</u>	<u>-</u>	<u>156,281</u>
Payments			
Purchases	(18,032)	-	(18,032)
Wages	(77,173)	-	(77,173)
Property	(7,613)	-	(7,613)
Security of property	(198)	-	(198)
Retention of title	(18,088)	-	(18,088)
Website/telephone	(15,284)	-	(15,284)
Carriage	(17,917)	-	(17,917)
Professional fees	(1,170)	-	(1,170)
Bank charges	(1,635)	-	(1,635)
Hire agreements	(4,182)	-	(4,182)
Vehicle running costs	(177)	-	(177)
Repairs & maintenance	(241)	-	(241)
Administrators fees		(30,000)	(30,000)
Sundry expenses	(1,383)	-	(1,383)
	<u>(163,093)</u>	<u>(30,000)</u>	<u>(193,093)</u>
	<u><u>(6,812)</u></u>	<u><u>(30,000)</u></u>	<u><u>(36,812)</u></u>

TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements and Begbies Traynor (Central) LLP's charge-out rates,
- b Narrative summary of time costs incurred
- c Table of time spent and charge-out value for the period from 16 August 2012 to 18 January 2013, and
- d Table of time spent and charge-out value for the period from 15 March 2011 to 18 January 2013

APPENDIX 2A

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 and also where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest. 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 (London £150) 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

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

² Ibid 1

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,

- 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 Exeter office as at the date of this report are as follows

	Standard 1 May 2011 – until further notice Regional
Partner	260
Director	260
Senior Manager	190
Manager	190
Assistant Manager	190
Senior Administrator	130
Administrator	85
Trainee Administrator	85
Support	85

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	Bamcrest Trading Limited
CASE TYPE	Administration
OFFICE HOLDERS	Ian Edward Walker and Julie Anne Palmer
DATE OF APPOINTMENT	15 March 2011

1 CASE OVERVIEW

- 1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

1.2 Complexity of the case

The Company trades as a manufacturer of high quality wooden worktops and other wooden products

1.3 The office holders' effectiveness

The initial strategy envisaged continuing to trade so that the business could be marketed as a going concern. A licence to trade the business was issued to Michco 1020 Limited on 3rd June 2012. This licence was terminated on 30 July 2012.

1.4 Nature and value of property dealt with by the office holders

The assets which remain to be realised include

- Freehold property,
- Director's loan account,
- Licence fee and insurance arrears

1.5 Anticipated return to creditors

HSBC Bank plc hold security over the assets of the Company and are likely to suffer a shortfall. On the basis of information presently available they are likely to be able to recover their shortfall under third party guarantees.

Preferential claims totalling £4,387 have been paid. On the termination of the licence agreement with Michco 1020 Ltd, it transpired that various employees had outstanding holiday pay. Under the licence agreement, upon the termination the employees transferred back to the administration and were made redundant. The administration was therefore liable for the outstanding holiday pay. Mr Batt is a guarantor under the licence agreement and as such, the administration has requested repayment of these amounts from Mr Batt. It is anticipated that there may be a small preferential claim of approximately £550 received from the Redundancy Payments Office in due course.

Based upon realisations to date and estimated future realisations there will be insufficient funds available for distribution to unsecured creditors.

1 6 Time costs analysis

An analysis of time costs incurred between 16 August 2012 and 18 January 2013 prepared in accordance with Statement of Insolvency Practice 9 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 hourly rate charged for each work type

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only

1 7 The views of the creditors

This progress report covers the period from 16 August 2012 to 18 January 2013

1 8 Approval of fees

No fees have been drawn to date by the Joint Administrators

1 9 Approval of Expenses and Disbursements

Disbursements totalling £833 have been drawn to date by the administration

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

2 1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached

2 2 The rates charged by the various grades of staff who may work on a case are attached

3 SUMMARY OF WORK CARRIED OUT

3 1 Since our appointment we have dealt with following

- Attending the Company's offices directly after appointment,
- Assessment of the options and how best to achieve the purpose of the Administration,
- Filing statutory documentation,
- Dealing with employee enquiries and other employment matters,
- Liaising with various parties in respect of continued trading,
- Preparation of the Joint Administrators' proposals,
- Attending to retention of title claims,
- Monitoring the trading position,
- General administration of day to day matters arising,
- Dealing with creditor enquiries,
- Liaising with secured creditors,
- Liaising with various parties in respect of the director's loan account and arrears,
- Sale of Goodwill and Intellectual Property to a third party,
- Ongoing negotiations with agents and solicitors regarding sale of property

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		0.3		10.7			4.8			15.80	2,519.00	159.43
		0.2		3.9			16.2		9.1	28.40	2,943.50	100.12
		0.1		6.9				10.1				
Investigations	7.9									17.10	2,195.50	128.39
Realisation of assets							4.8		0.5	13.20	2,504.50	189.73
				6.1						8.10	1,159.00	180.00
		3.6	1.6	29.8		0.4	10.5			45.80	7,958.50	173.39
Trading												
Creditors		0.1										
		1.2		4.3			2.0			2.10	196.00	93.33
				11.1			0.7			6.20	1,188.50	191.69
Other matters							18.8		1.0	30.80	3,792.00	122.72
Total hours by staff grade	11.5	4.0		75.4		0.4	70.4		10.6	172.3		
	2,980.00	1,040.00		14,328.00		52.00	5,984.00		801.00		25,293.00	
	260.00	260.00		190.00		130.00	85.00		85.00			146.80
Total fees drawn to date £												0.00

[illegible]

STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Mileage	Begbies Traynor LLP	1,346 10	686 40	659 70
Company searches	Companies House	13 00	12 00	1 00
Postage	Royal Mail	183 21	124 64	58 57
Bonding	Marsh Limited	303 25	10 00	293 25
Advertising	P R Works	250 00	0 00	250 00
Parking and Tolls	Cornwall Council	6 58	0 00	6 58
Subsistence	Begbies Traynor LLP	46 15	0 00	46 15
Archiving	Crown Storage	105 30	0 00	105 30