

The Insolvency Act 1986

Administrator's progress report

Name of Company

Chomette Limited

Company number

03803564

In the
High Court of Justice Chancery Division
(full name of court)Court case number
5814 of 2012(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
David M Riley
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YUDavid J Dunckley
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

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

From

To

(b) Insert date

(b) 16 July 2012

(b) 27 March 2013

Signed

Joint / Administrator(s)

Dated

23/4/13

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

David M Riley
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

DX Number

020 7184 4300

DX Exchange

TUESDAY



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A30

30/04/2013

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COMPANIES HOUSE

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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

Our Ref DMR/ZLC/ALO/TZF/C01407/PF7

To the creditors

23 April 2013

Dear Sirs

Recovery and Reorganisation

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester M3 3EB

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**Chomette Limited (the Company) - In Liquidation and Formerly in
Administration
High Court of Justice Chancery Division
No 5814 of 2012**

1 Introduction

- 1.1 Following my appointment as joint administrator of the above Company with David M Riley by the director on 16 July 2012, I am now in a position to conclude the administration. This is my final progress report, including
- Appendix A, an account of my receipts and payments for the period ended 27 March 2013 in accordance with Rule 2.47 of the Insolvency Rules 1986
 - Appendix B, a statement of the remuneration charged by the joint administrators in the period 16 July 2012 to 27 March 2013 and a statement of expenses incurred in the period
 - Appendix C, an analysis of my time costs as required by Statement of Insolvency Practice 9
 - Appendix D, an extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the administrator (Rule 2.48A)
 - Appendix E, an extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the administrator's remuneration and expenses, if excessive (Rule 2.109)
- 1.2 In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them.

2 Statutory information

- 2.1 The company's statutory details are as follows:

Registered number 03803564

Registered office 4 Hardman Square, Spinningfields,
Manchester, M3 3EB

3 Pre-appointment expenses

- 3.1 Pre-appointment costs total £19,269. The sum of £10,000 (plus VAT) incurred by the administrators was approved and paid by the secured creditor, HSBC Invoice Finance (UK) Limited (HSBCIF). At a meeting of creditors held by correspondence on 2 November 2012 the remaining pre-appointment costs of £9,269 (plus VAT) were approved to be paid as an expense of the administration and these have been paid in full.

4 Receipts and payments account

- 4.1 I attach my receipts and payments account at Appendix A. You will note that no amounts have been paid to the unsecured creditors.

5 Report and outcome of administration

Assets

Trading sales

- 5.1 As previously advised the joint administrators decided that an orderly wind-down, by way of disposing of the stock to the Company's client base, was the best way to achieve the objective of the administration and maximise realisations. This was decided since, despite the marketing of the Company, a sale could not be achieved. An orderly wind down allowed the realisable value of the stock to be maximised and assisted with the preservation and recovery of the Company's sales ledger.
- 5.2 Following the appointment, 18 of the Company's 29 employees were made redundant. The remaining employees were retained to assist with the orderly wind down. During the course of this process staffing requirements were monitored by the administrators.
- 5.3 As set out in my proposals, the Company held stock which consisted of chinaware, glassware and kitchenware, which had an estimated value of c£1.2 million at cost. The director's statement of affairs indicated a realisable value of £600,000. The stock was not subject to any detailed audit by the administrators, however, it should be noted that some stock was identified as being obsolete.
- 5.4 Sales of the Company's stock to the existing customer base generated receipts of £408,584.
- 5.5 A number of retention of title claims were received which were reviewed in detail and, where appropriate, legal advice was sought. All of the claims, except one, have been resolved.

Book Debts

- 5.6 At the date of appointment the director's statement of affairs stated that the Company's debtor ledger had a book value of £968,362. However, after a review of the ledger it is apparent that this sum would not be realised in full due to a number of disputed debts.
- 5.7 The Company had assigned its book debts under a confidential invoice discount arrangement to HSBCIF who were owed £316,073. HSBCIF also had fixed and floating charges over the assets of the Company dated 30 December 2007, and any surplus from the ledger had been assigned to HSBC Bank Plc (HSBC) who were owed £435,783.

- 5 8 To date, book debt collections have been sufficient in order to repay HSBCIF and HSBC in full plus termination charges and interest and provide a surplus of £99,361 to the Company
- 5 9 As HSBCIF and HSBC have been paid in full from debtor collections, the remaining debtor ledger of £156,151 was re-assigned to the Company Winterhill Largo Plc (Winterhill) have been instructed to assist with collecting the remaining debtors and, to date, the sum of £13,663 has been collected Winterhill have advised of a number of disputed debts

Shareholdings

- 5 10 As previously reported, the Company holds a 10% shareholding in Pullivuyt SPA, a French registered company who supplied porcelain and glass to the Company In order to progress any sale and to comply with regulations it was necessary to correspond with all shareholders and invite offers
- 5.11 To date, I have received two offers for the Company's shareholding and am currently progressing the sale of the higher offer In order to progress the sale of the shares it has been necessary to instruct legal representatives in France

Chattel & stock assets

- 5 12 Following the conclusion of the trading sales Winterhill were requested to prepare a valuation and assist with the disposal of the Company's tangible assets which included fixtures and fittings, computer equipment, motor vehicles and the balance of stock
- 5 13 Much of the Company's fixtures and fittings and computer equipment was of negligible value
- 5 14 Sales of the Company's remaining stock and chattel assets generated £62,016.

Liabilities

Secured Creditors

- 5 15 HSBCIF has fixed and floating charges over the Company's book debts and a floating charge over the Company's assets Both charges are dated 31 December 2007 and at the date of appointment HSBCIF were owed £316,073 Book debt collections have been sufficient to re-pay HSBCIF in full
- 5 16 HSBC has fixed and floating charges over the Company's assets dated 10 September 1999 and at appointment were owed £435,783 HSBC had the benefit of a legal assignment from the Company for any surplus funds available from book debt realisations HSBC has been repaid in full from book debt realisations
- 5 17 As both of the secured creditors have been paid in full from fixed charge realisations there will be no prescribed part distribution to be set aside for the benefit of the unsecured creditors under Section 176A of the Insolvency Act 1986

Preferential Creditors

- 5 18 Preferential claims are estimated at c£13,879. It is anticipated that a distribution to preferential creditors will be made

Unsecured Creditors

- 5 19 The director's statement of affairs estimated unsecured claims at £7,750,158. It is anticipated that a dividend will be available to the unsecured creditors following the conversion from administration to creditors voluntary liquidation

6 Exit of the administration

- 6 1 The creditors confirmed their agreement to granting the joint administrators' discharge from liability in accordance with Paragraph 98 of Schedule B1 to the Insolvency Act 1986 with effect from 14 days after the final progress report is sent to creditors.
- 6 2 As disclosed in my statement of proposals, the intended exit strategy was to move the Company to creditors' voluntary liquidation (CVL)
- 6 3 On 20 March 2013 I submitted to the Registrar of Companies Form 2 34B, Notice to move from administration to CVL and the form was filed on 27 March 2013
- 6 4 Subsequently, I was appointed joint liquidator of the Company with David Dunckley on 27 March 2013 in order for me to finalise the remaining assets as detailed above, pay the preferential creditors, and complete a distribution to the unsecured creditors of the Company

7 Joint administrators' remuneration and expenses

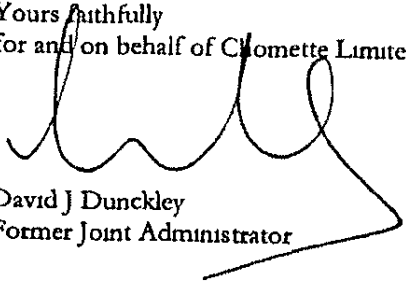
- 7 1 On 2 November 2012, the creditors resolved that the administrators draw remuneration by reference to my time costs. You will note from the SIP 9 table attached at Appendix C that my time costs to 27 March 2013 are £275,604 representing 918 hours at an average rate of £300 per hour and from the receipts and payments account attached at Appendix A that we have drawn £109,269 (plus VAT) to date. Time costs of £166,335 incurred in the period but not drawn as remuneration to date are disclosed in Appendix B
- 7 2 In addition, we have drawn expenses of £4,412 as indicated in Appendix A and have further expenses to take in due course as set out in Appendix B
- 7 3 Background information regarding the fees of administrators can be found at www.insolvency-practitioners.org.uk (navigate via 'Regulation and Guidance' to 'Creditors Guides to Fees'). Alternatively, we will supply this information by post on request. Time is charged in units of 6 minutes

8 Other expenses incurred by the joint administrators

- 8 1 As detailed in section 5 of this report, the sale of the Company's shareholding is on-going. Our legal representatives in France have incurred costs of €2,345 to date and have advised that further fees of €3,500 will be incurred in order to conclude the sale

- 8 2 Winterhill continue to collect the Company's debtor ledger and are entitled to 15% of any recoveries

Yours faithfully
for and on behalf of Chromette Limited



David J Dunckley
Former Joint Administrator

Enc

A Abstract of the administrators' receipts and payments

Chomette Limited - in administration

Receipts and payments account

from 16 July 2012 to 27 March 2013

| | Statement of affairs | 16 01 13 to 27 03 13 | 16 07 12 to 27 03 13 |
|---------------------------------------|-------------------------|-------------------------|-------------------------|
| | £ | £ | £ |
| Receipts | | | |
| Book Debts | 968,361 71 | 7,740 82 | 871,043 36 |
| Bank Interest | | 196 79 | 341 75 |
| Stock / Sales | 600,000 00 | 43,563 71 | 408,583 61 |
| Furniture & Equipment | 20,000 00 | - | - |
| Rates refund | | 9,450 00 | 9,450 00 |
| Misc Refunds | | - | 51 00 |
| | | 60,951 32 | 1,289,469 72 |
| Payments | | | |
| Rates | | - | 2,729 18 |
| Heat & Light | | 1,286 47 | 2,136 02 |
| Expenses | | - | 622 00 |
| Administrators' fees | | 9,269 00 | 109,269 00 |
| Administrators' Expenses | | - | 4,411 93 |
| Carnage | | - | 5,987 83 |
| Legal fees | | - | 15,502 00 |
| Refunds | | - | 1,022 22 |
| Net Wages | | - | 39,240 16 |
| Other payroll deductions | | (71 80) | 1,972 92 |
| Purchases | | (598 37) | 3,982 14 |
| PAYE / NI | | - | 20,890 97 |
| Commission | | - | 18,723 04 |
| Rent | | - | 34,940 23 |
| Bank Charges | | 44 34 | 1,618 42 |
| HSBC Invoice Finance (UK) Limited | | - | 316,073 20 |
| HSBC Bank plc | | - | 435,783 44 |
| Rates | | - | 8,957 58 |
| Agents' fees | | 36,498 12 | 36,498 12 |
| Professional fees | | - | 3,767 70 |
| Debt collection fees | | 1,161 14 | 1,161 14 |
| Telephone | | - | 661 71 |
| Statutory Advertising | | - | 360 00 |
| Property Expenses | | 6,561 00 | 7,831 07 |
| Payment to liquidator for VAT reclaim | | 23,186 81 | 23,186 81 |
| Bank Charges | | 36 39 | 62 99 |
| | | 71,373 10 | 1,097,394 82 |
| Balance - 27 March 2013 | | | 192,074 90 |
| Made up as follows | | | |
| Fixed Current Account | | | 159,886 08 |
| Floating Current Account | | | 32,188 82 |
| | | | 192,074 90 |

B Remuneration charged and expenses incurred by
the administrators in the period to 27 March
2013

| | Paid to date | Charged/ accrued in period but not yet paid | Total |
|--|----------------|--|----------------|
| | £ | £ | £ |
| Joint administrators' fees: | | | |
| Time costs | 109,269 | 169,334 | 275,603 |
| Expenses | 4,422 | 179 | 4,601 |
| Professional fees: | | | |
| Employment services – ERA Solutions Limited | 3,768 | - | 3,768 |
| Winterhull Largo | 36,498 | - | 36,498 |
| Legal fees: | | | |
| Eversheds LLP | 15,502 | - | 15,502 |
| Statutory Advertising: | | | |
| Courts Advertising | 360 | - | 360 |
| | <u>166,819</u> | <u>169,513</u> | <u>336,332</u> |

C SIP 9 information

Introduction

The following information is provided in connection with the administrators' remuneration and disbursements in accordance with SIP 9

Explanation of Grant Thornton UK LLP charging and disbursement recovery policies

Time costs

All partners and staff are charged out at hourly rates appropriate to their grade, as shown on the attached schedule. Details of the hourly charge-out rates are made available to creditors or committees at the time of fixing the basis of our fees. Support staff (ie secretaries, cashiers and filing clerks) are charged to the case for the time they work on it.

| | From 01/07/11 | From 01/07/12 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Partners up to | 560 | 580 |
| Managers up to | 425 | 440 |
| Administrators up to | 300 | 310 |
| Assistants and support staff up to | 205 | 210 |

Disbursements

Out of pocket expenses are charged at cost. Mileage is charged at standard rates which comply with HM Revenue and Customs limits or AA recommended rates. VAT is added to disbursement charges as necessary.

E An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the administrator's remuneration or expenses if excessive

Rule 2 109

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application may be made on the grounds that -
 - (a) the remuneration charged by the administrator,
 - (b) the basis fixed for the administrator's remuneration under Rule 2 106, or
 - (c) expenses incurred by the administrator,
 is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate.
- (1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it.
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders -
 - (a) an order reducing the amount of remuneration which the administrator was entitled to charge
 - (b) an order fixing the basis of remuneration at a reduced rate or amount
 - (c) an order changing the basis of remuneration
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration
 - (e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify
 and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report.
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration.

The Insolvency Act 1986

Administrator's progress report

Name of Company

Chomette Limited

Company number

03803564

In the
High Court of Justice Chancery Division

(full name of court)

Court case number
5814 of 2012(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
David M Riley
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YUDavid J Dunckley
Grant Thornton UK LLP
30 Finsbury Square
London
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administrator(s) of the above company attach a progress report for the period

(b) Insert date

From

(b) 16 July 2012

To

(b) 27 March 2013

Signed

Joint / Administrator(s)

Dated

23/4/13