

**2.24B****Administrator's progress report**

Name of Company  Inman & Co (Electrical) Limited	Company number  03902678
In the High Court of Justice, Chancery Division, Leeds District Registry	Court case number 501 of 2012

We

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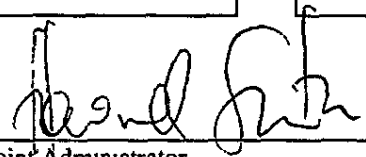
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United Kingdom

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

from	to
5 October 2012	28 March 2013

Signed

  
 Joint Administrator

Dated

28 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.

Richard Starkey KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW United Kingdom DX Number DX 724440 Leeds	Tel 0113 231 3079 DX Exchange
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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

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COMPANIES HOUSE



**Inman & Co. (Electrical) Limited - in  
Administration**

**Final Report  
for the period 5 October 2012 to  
28 March 2013**

**Pursuant to Rules 2.47 and 2.110 of  
the Insolvency Rules 1986 (as  
amended)**

**KPMG LLP  
28 March 2013**

**HS\GB\RS**



*Inman & Co (Electrical) Limited in administration  
Pursuant to Rules 2 47 and 2 110 of the Insolvency Rules 1986 (as amended)  
28 March 2013*

## Notice: About this Report

This Report has been prepared by Howard Smith, Mark Granville Firmin and Paul Andrew Flint, the Joint Administrators of Inman & Co (Electrical) Limited, solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in Inman & Co. (Electrical) Limited.

Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors

Any person that chooses to rely on this Report for any purpose or in any context other than under the Insolvency Rules 1986 (as amended) does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report to any such person.

Mark Granville Firmin and Paul Andrew Flint are authorised to act as insolvency practitioners by The Institute of Chartered Accountants in England and Wales. Howard Smith is authorised to act as an insolvency practitioner by The Insolvency Practitioners Association.

The Joint Administrators act as agents for Inman & Co. (Electrical) Limited and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the administration.



## Glossary

Administration Order	The Administration Order granted by the High Court of Justice, Chancery Division, Leeds District Registry, in respect of Inman & Co. (Electrical) Limited on 5 April 2012. Court Administration Order number 501 of 2012
Agents or Edward Symmons	Edward Symmons LLP
the Company	Inman & Co. (Electrical) Limited (Company registered number 03902678)
the Directors	Sally Belinda Brown, Stephan Hollingshead, Richard Mark Lobar, Peter Norman Edward Wright, Christopher Charles Wright and Charles Lawrence Hastings Wright
HMRC	Her Majesty's Revenue & Customs
IA 86	The Insolvency Act 1986
IR 86	The Insolvency Rules 1986 (as amended)
Joint Administrators	Howard Smith, Mark Granville Firmin, and Paul Andrew Flint of KPMG LLP, 1 The Embankment, Neville Street, Leeds LS1 4DW
KPMG	KPMG LLP
RBSIF or the Bank	Royal Bank of Scotland Invoice Finance Ltd
ROT	Retention of Title
Solicitors or DLA	DLA Piper UK LLP
VAT	Value Added Tax



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## 1 Executive Summary

- Howard Smith, Mark Granville Firmin and Paul Andrew Flint of KPMG LLP were appointed as Joint Administrators of the Company by RBSIF, who hold a qualifying floating charge over the Company's assets, pursuant to Paragraph 14 of Schedule B1 to the IA 86 on 5 April 2012
- The notice of appointment, Form 2 6B, was lodged at the Leeds District Registry on 5 April 2012 and the Joint Administrators were duly appointed.
- In accordance with Paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 the functions of the Joint Administrators may be exercised by any or all of them.
- This progress report covers the period from 5 October 2012 to 28 March 2013.
- The Joint Administrators' Statement of Proposals was approved on 11 June 2012 and has not been modified
- There was no prospect of saving the Company. Accordingly, the Joint Administrators' role has been limited to the realisation of the Company's assets (see Section 3 - Progress of the administration to 28 March 2013). Therefore, the purpose of the administration, in accordance with Paragraph 3(1)(b) of The Insolvency Act 1986, is achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
- Based on the current level of realisations and repayment in full of the secured creditor, RBSIF, and the Company's preferential creditors, there will be sufficient funds available to facilitate a distribution to the Company's unsecured creditors.
- Full details of the Joint Administrators' progress report are attached together with all the relevant statutory information included by way of Appendices (see Section 4 - Comments on the Appendices and the Appendices).
- This progress report should be read in conjunction with our previous report sent to the Company's creditors
- In accordance with the Joint Administrators' original proposals the Company has been placed into creditors' voluntary liquidation upon the filing of the Form 2 34B at Companies House Accordingly Howard Smith and Mark Granville Firmin were appointed Joint Liquidators on 28 March 2013.

Joint Administrator – Howard Smith



## **2 Introduction**

Further to my previous report dated 1 November 2012, I write to provide my final report on the outcome of the administration in accordance with Rules 2.47 and 2.110 of the Insolvency Rules 1986 (as amended)

The Joint Administrators' proposals have now been completed and are attached at Appendix 7. There have been no amendments or major deviations from the proposals.

The Company has been placed into creditors' voluntary liquidation upon the filing of Form 2.34B at Companies House. In accordance with the proposals, Mark Granville Firmin and I were appointed Joint Liquidators on 28 March 2013.

For your information, the final abstract receipts and payments account for the period 5 October 2012 to 28 March 2013 is attached at Appendix 2.

Cash held as at 28 March 2013 totalled £776,483. All funds including VAT receivable and payable arising in the administration will be transferred to the liquidation.

As previously reported, Howard Smith, Mark Granville Firmin and Paul Andrew Flint of KPMG LLP were appointed as Joint Administrators of the Company by RBSIF, who hold a qualifying floating charge over the Company's assets, pursuant to Paragraph 14 of Schedule B1 to the IA 86 on 5 April 2012.

The notice of appointment, Form 2.6B, was lodged at the Leeds District Registry on 5 April 2012 and the Joint Administrators were duly appointed.

Howard Smith is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association. Mark Granville Firmin and Paul Andrew Flint are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of England and Wales.

In accordance with Paragraph 100(2) of Schedule B1 to the IA 86 the functions of the Joint Administrators may be exercised by any or all of them.

This report also includes certain information required to be provided to creditors in accordance with Rule 2.33 of the IR 86

The appropriate statutory information is set out in Appendix 1

Please note that unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

If you have any queries in relation to the report please contact Richard Starkey of my office on 0113 231 3079.

### **3 Progress of the administration to 28 March 2013**

All outstanding matters can now be dealt with following the liquidation of the Company. As such, in accordance with the Joint Administrators' Proposals, the Company has been placed into creditors' voluntary liquidation upon the filing of Form 2.34B at Court and with Companies House. Accordingly, Howard Smith and Mark Granville Firmin were appointed as Joint Liquidators on 28 March 2013.

#### **3.1 Initial strategy**

Upon their appointment, the Joint Administrators and their representatives attended the Company's leasehold premises in Sheffield, Bristol and London to secure the sites, address the employees and to take control of the business. The Joint Administrators undertook an initial review of the Company's position with regards to stock levels and ROT issues at the three sites.

Following the initial review, the Joint Administrators concluded that returns to creditors as a whole would be maximised if the Company ceased to trade upon the Joint Administrators' appointment. A controlled disposal of the stock could then be carried out while we sought to collect out the book debt ledger.

However, it was evident that a significant amount of stock held at the Company's premises was subject to ROT and as a result it was essential that the stock was identified and split very quickly between that owned by the Company and that which was subject to potential ROT claims.

Of the stock held at the Company's three premises of approximately £2.6 million at cost, it was identified that circa £1.6 million was potentially subject to ROT; this left stock of approximately £1.0 million at cost which was potentially realisable. The Joint Administrators remained in occupation of the Company's premises in order to undertake formal valuations, maximise recoveries from the Company's principle assets and to market these for sale. Continued occupation of the premises also allowed the Company's credit control function to be maintained which greatly assisted with debtor collections.

The majority of the Company's 73 employees were made redundant with the exception of 15 members of staff who were initially retained across the three sites to assist the Administrators in dealing with the high volume of stock located in the Company's warehouses at the date of appointment. Seven members of staff were subsequently retained to help finalise this process, in addition to assisting with the managed wind down of the business. All staff have now been made redundant.

The Company's main assets at the date of appointment were as follows

- Book debts – The Company's book debt ledger, as per the Company's records, showed an outstanding balance of £2,594,793 on appointment. The Company's



book debts are covered by the Bank's security Further details are provided at 3.4.6.

- Motor vehicles – At the date of the Joint Administrators' appointment the Company had in its possession 24 motor vehicles comprising 11 cars and 13 vans.
  - Two of the vans were held on hire purchase agreements. Settlement figures were obtained from the finance company and it was apparent that there is no equity in the agreements, therefore these vehicles were returned.
  - Four of the cars and five of the vans were held on hire agreements These vehicles were returned to the hire companies shortly after the appointment of the Joint Administrators
  - The remaining vehicles were removed from the Company's premises and sold by Edward Symmons by way of private treaty sales and through an auction. A total of £72,150 has been realised in relation to the sale of the Company's motor vehicles.
- Office furniture and equipment, plant and machinery, business equipment and portable site tools were sold by Edward Symmons by way of private treaty sales and at an auction held during June 2012. A total of £81,295 has been received in relation to the sale of the Company's office furniture and equipment and plant and machinery.

Please see section 3.4 of this report for further information regarding the Company's assets

## **3.2 Sale of business and stock**

Following discussions with management and a review of internal KPMG databases, the Joint Administrators held discussions with a number of potentially interested parties, six of which attended the premises to inspect the Company's assets although none expressed a direct interest in acquiring the Company as a going concern The majority were either interested in the Company's stock, certain assets on a break-up basis or the customer lists.

The Company's stock with a finalised cost value of £937,511 was sold, with final realisations totalling £530,544. The stock was sold via private treaty sales, auction and in the ordinary course of business No further realisations are anticipated in relation to the Company's stock.

Following the sale of the Company's stock and assets, the Joint Administrators exited the Company's Bristol and Enfield premises on 21 May 2012 and exited the Sheffield premises on 15 June 2012



### **3.3 Communication**

The Joint Administrators wrote to all known creditors on 5 April 2012 advising them of their appointment.

The Joint Administrators' Statement of Proposals was circulated to all known creditors of the Company on 24 May 2012 together with notice of a meeting of creditors.

All known creditors of the Company were subsequently notified on 14 June 2012 that the proposals were approved at the meeting of creditors held on 11 June 2012.

On 1 November 2012, the Joint Administrators circulated their 6 month progress report for the period 5 April 2012 to 4 October 2012.

### **3.4 Assets**

#### **3.4.1 Plant and machinery**

Funds of £2,900 have been received in the period in relation to the sale of the Company's remaining plant and machinery. These items were disposed of via an online auction. Total funds of £29,650 have been received in relation to the sale of the Company's plant and machinery.

#### **3.4.2 Furniture and equipment**

As previously reported, funds of £51,645 have been received in relation to the sale of the Company's office furniture and equipment.

#### **3.4.3 Motor Vehicles**

As previously reported, funds of £72,150 have been received in relation to the sale of the Company's motor vehicles, comprising cars and commercial vehicles

#### **3.4.4 Stock**

Funds of £9,975 have been received in the period in relation to the sale of the Company's stock. This amount has previously been incorrectly paid into the Company's pre appointment bank account and these funds have now been transferred to the Joint Administrators. Total stock sales of £530,544 have been received by the Joint Administrators.

#### **3.4.5 Other debtors**

As previously reported, funds of £145 have been received in relation to other debtors.

#### **3.4.6 Book Debts**

As previously reported, the Company's debtors' ledger at the date of appointment had a gross book value of £2,594,793



The Company were provided with an invoice discounting facility by RBSIF, who hold a qualifying floating charge over the assets of the Company. RBSIF were owed £855,658 as at the date of the appointment of the Joint Administrators, including management fees of £160,826.

The Joint Administrators received confirmation from RBSIF that it has received sufficient realisations to discharge its lending in full

The remaining book debts are being collected by KPMG's Receivables Realisation Group and Ward Hadaway Solicitors. Book debts of £432,899 have been received by the Joint Administrators in the period, which brings the net amount realised during the administration to £833,190.

The remaining books debts will continue to be collected by KPMG's Receivables Realisation Group and Ward Hadaway Solicitors in the liquidation proceedings.

Ward Hadaway are currently holding funds totalling £14,747 which will be transferred to the Joint Liquidators in due course.

#### **3.4.7 Stock Handling Fee**

As previously reported, funds of £20,333 have been received in relation to a stock handling fee charged to ROT creditors upon collection of their goods. The Joint Administrators incurred substantial costs in relation to holding this stock and as such suppliers were charged a handling fee to cover a proportion of these costs.

#### **3.4.8 Cash in hand**

As previously reported, petty cash of £1,237 has been realised by the Joint Administrators

#### **3.4.9 Property rights/Intellectual Property**

Funds of £369 have been received in the period in relation to the sale of the Company's software licences.

#### **3.4.10 Cash at bank**

Funds of £20,771 have been received in the period by the Joint Administrators in relation to cash held in the Company's bank accounts at the date of appointment.

Of these funds some may be due to third parties. This position will be finalised in the liquidation proceedings.

#### **3.4.11 Insurance refund**

A refund of £2,313 was received in the period in relation to a repayment from the Company's pre appointment insurance provider.



#### **3.4.12 Other Receipts**

Other receipts totalling £1,017 have been received in the period. £978 in relation to bank interest and £39 in relation to sundry refunds.

### **3.5 Liabilities**

#### **3.5.1 Secured creditors**

As previously reported, RBSIF have the benefit of a debenture dated 30 October 2008 providing a fixed and floating charge over the Company's assets.

The amount outstanding to the bank at the date of appointment was approximately £855,658 (including interest and charges).

The Bank have confirmed that it has recovered its lending in full

The Joint Administrators' Solicitors, DLA Piper UK LLP, have reviewed the Bank's debenture and confirmed its validity.

#### **3.5.2 Preferential creditors**

All employees of the Company were ultimately made redundant by the Joint Administrators. Preferential creditors of the Company received a first and final dividend of 100p/£ in February 2013, totalling £66,475.

#### **3.5.3 Prescribed Part**

The Insolvency Act 1986 (Prescribed Part) Order 2003 does apply in this case as the security held by the Bank was created after 15 September 2003. The prescribed part is calculated as a percentage of the Company's net property. The Company's net property is the net amount available to the floating charge holder(s) after the payment of costs and preferential creditors.

However, as no floating charge liability remains outstanding in this instance, a prescribed part payment will be unnecessary and any payment to unsecured creditors will be made as an unsecured dividend as detailed in section 3.5.4.

#### **3.5.4 Unsecured creditors**

The director's statement of affairs details unsecured creditors of £4,044,171.

Due to the level of book debt collections to date and the level of realisations with regards to the Company's stock, there will be sufficient funds available, following the payment of costs of the administration and liquidation, to enable a distribution to be made to the Company's unsecured creditors. However, the quantum and timing of any such distribution is currently uncertain



### 3.6 Expenses for the period

The receipts and payments for the period are set out in the attached Receipts and Payments Account (see Appendix 2).

The office holders' time costs for the period of this report are also attached (see Appendix 3).

The statutory provisions relating to remuneration are set out in Rule 2.106 of the Insolvency Rules 1986. A creditors guide to fees can be found at

[http://www.r3.org.uk/media/documents/technical\\_library/SIPS/SIP\\_9\\_EW\\_Nov\\_2011.pdf](http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP_9_EW_Nov_2011.pdf)

However, if you are unable to access this guide and would like a copy, please contact Richard Starkey on 0113 231 3079

During the period we have incurred time costs of £122,639, representing 512 hours at an average rate of £240 per hour. This includes the Tax, VAT, Health and Safety and Pensions advice from KPMG LLP in-house specialists.

A detailed breakdown of the charge out rates for the duration of the administration is included in Appendix 3 to this Report.

Please note that all staff who have worked on this assignment, including cashiers and secretarial staff have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to this assignment but is reflected in the general level of charge out rates.

The Joint Administrators' proposals included the following resolutions which were approved at the meeting of creditors on 11 June 2012:

- that in the event that no creditors' committee is formed, the Joint Administrators will be authorised to draw fees on account from the assets of the Company from time to time during the period of the administration based on time properly spent at KPMG LLP charge out rates that reflect the complexity of the assignment. In the event that Mark Granville Firmin and Howard Smith be appointed Joint Liquidators then they will be able to draw fees on the same basis as the Joint Administrators as agreed by the Company's creditors. Also, the Joint Administrators will be authorised to draw disbursements from time to time to include category 2 disbursements, and
- that the costs of KPMG LLP in respect of HSE, Pension, Tax, Receivables Realisation Group and VAT advice provided to the Joint Administrators be based upon time costs and shall be paid out of the assets of the Company.

A creditors' committee was not formed.

The Joint Administrators have incurred time costs of £122,639 in the period and have drawn fees of £100,000 during the period covered by this report.



The Joint Administrators have incurred disbursements of £1,208 in the period and have drawn £764.

Details of the Joint Administrators' expenses incurred in the period are included in Appendix 5

Expenses for this period total £19,209 including amounts not yet paid (see Appendix 4 for details).

Additional information about the expenses charged for the period is available from the office holder upon request by any secured creditor, and any other creditor or creditors owed 5% or more in value of the unsecured liabilities listed. Full details of the process to obtain more information under Rule 2.48A of the Insolvency Rules 1986 and to challenge the Joint Administrators' remuneration and expenses under Rule 2.109 of the Insolvency Rules 1986 are included in Appendix 4 should creditors wish to do so.

## **4 Comments on the Appendices**

### **4.1 Receipts and payments**

The following information provides a brief description of the Receipts and Payments Account to 28 March 2013, attached as Appendix 2.

### **4.2 Receipts**

Please see section 3.4 for comments on the receipts during the period

### **4.3 Payments**

#### **4.3.1 Funds transferred to Liquidation**

The Joint Administrators have transferred funds of £776,483 to the Joint Liquidators' bank account and these funds will be utilised in the course of the liquidation.

#### **4.3.2 VAT funds transferred to Liquidation**

The Joint Administrators have transferred an outstanding VAT refund to the Company in liquidation. This is made up of £24,946 of VAT receivable

#### **4.3.3 PAYE/NIC funds transferred to Liquidation**

The Joint Administrators have transferred an outstanding PAYE/NIC overpayment of £43 to the Company in liquidation

#### **4.3.4 Debt collection fees and disbursements**

The Joint Administrators instructed Ward Hadaway Solicitors to assist with the collection of the remaining book debts

Payments totalling £11,311 have been made during the period in relation to debt collection fees and £1,320 in respect of debt collection disbursements.

As previously reported, the Joint Administrators accrued for £5,992 in relation to debt collection fees in respect of cost incurred in the prior period.

The Joint Administrators have also accrued £500 in the period in relation to debt collection fees and £1,610 in relation to debt collection disbursements; however, these costs have not been paid during the period and will be paid in the liquidation proceedings.

#### **4.3.5 Contractors' costs**

The amount of £203 has been paid in the period in relation to final work carried out to bring the Company's books and records up to date as at the date of appointment.

As previously reported, the Joint Administrators accrued £203 in relation to contractors' costs in respect of costs incurred in the prior period

#### **4.3.6 Joint Administrators' fees and disbursements**

Joint Administrators' fees of £100,000 and disbursements of £764 have been paid during the period. Further details are provided in Section 3.6 of this report.

As previously reported, the Joint Administrators accrued £230,591 in relation to Joint Administrators fees and £4,089 in relation to Joint Administrators disbursements in respect of costs incurred in the prior period.

#### **4.3.7 Agents' fees and disbursements**

Edward Symmons have provided asset disposal advice and valuation reports in respect of the leasehold property, office equipment, plant and machinery, stock and motor vehicles.

Edward Symmons also marketed the assets for sale and organised collection from the Company's premises. They also arranged for the stock, office equipment and plant and machinery located at the Company's premises in Bristol and Enfield to be transported to the Company's head office in Sheffield to enable their sale to take place

They also arranged for the collection and destruction of all confidential waste held at the leasehold premises.

Agent's fees of £4,930 and disbursements of £215 have been paid during the period

As previously reported, the Joint Administrators accrued £5,000 in relation to agent's fees in respect of costs incurred in the prior period.

#### **4.3.8 Legal fees and disbursements**

DLA Piper UK LLP has provided legal advice to the Company in respect of the following



- validity of the appointment of the Administrators;
- validity of security;
- preparation of sales contracts in relation to the bulk sales of the Company's stock; and
- general advice in the administration.

Legal fees of £17,000 and disbursements of £28 have been paid to DLA Piper UK LLP during the period.

As previously reported, the Joint Administrators accrued £17,595 in relation to legal fees and £28 in relation to legal disbursements in respect of costs incurred in the prior period

The Joint Administrators have also accrued £8,000 in the period in relation to legal fees and £100 in relation to legal disbursements, however, these costs have not been paid during the period and will be paid in the liquidation proceedings

#### **4.3.9 Sundry Expenses**

The Joint Administrators have paid £44 in the period in relation to sundry expenses.

As previously reported, the Joint Administrators accrued for £44 in relation to sundry expenses in respect of costs incurred in the prior period.

#### **4.3.10 Telephone/Telex/Fax**

In the period £2,300 has been paid in relation to the continuation of telephone and internet access during the Joint Administrators occupation of the Company's premises.

As previously reported, the Joint Administrators had accrued for £1,643 in respect of costs incurred in the prior period.

#### **4 3.11 Heat & light**

In the period £1,549 was paid in respect of heat & light for the period of occupation of the Company's premises.

As previously reported, the Joint Administrators accrued £3,302 in relation to heat and light in respect of costs incurred in the prior period.

#### **4.3.12 Rent**

Payments totalling £11,632 have been made during the period in relation to the Joint Administrators occupation of the Company's leasehold premises during the period.

As previously reported, the Joint Administrators accrued for £11,962 in relation to rent in respect of costs incurred in the prior period





#### **4.3.13 Insurance of assets**

The Joint Administrators have paid £8,849 in relation to the insurance of the Company's assets during the administration.

As previously reported, the Joint Administrators accrued for £15,000 relation to the insurance of the Company's assets in respect of costs incurred in the prior period.

The Joint Administrators have also accrued £1,000 in the period in relation to insurance of the Company's assets; however, these costs have not been paid during the period and will be paid in the liquidation proceedings.

#### **4.3.14 Wages & salaries**

As detailed in section 3.1 above the Joint Administrators conducted a managed wind-down of the Company while realising the Company's assets. During the period wages of £461 have been paid to retained staff to complete this process.

As previously reported, the Joint Administrators had accrued for £461 in relation to wages & salaries in respect of costs incurred in the prior period.

#### **4.3.15 Storage costs**

As previously reported, the Joint Administrators accrued for £3,500 in relation to storage costs in respect of costs incurred in the prior period. No amounts have been paid in the period in relation to storage costs.

The Joint Administrators have also accrued £400 in the period in relation to storage costs; however, these costs have not been paid during the period and will be paid in the liquidation proceedings.

#### **4.3.16 Other Payments**

In addition to the above, repayment of third party funds of £39 and bank charges of £20 have been paid in the period.

As previously reported, the Joint Administrators accrued for £20 in relation to bank charges in respect of cost incurred in the prior period.

### **4.4 Analysis of office holders' time costs**

#### **4.4.1 Asset Realisation**

In relation to book debts, £44,822 (218 hours) has been incurred in the period by the Joint Administrators in connection to the collection of the Company's outstanding book debts. This includes time spent liaising with debtors and Ward Hadaway Solicitors who have assisted the Joint Administrators with the debt collection process.



#### **4.4.2 Agreeing employee claims**

Time costs of £2,996 (13 hours) have been incurred by the Joint Administrators during this period in relation to agreeing employee claims.

#### **4.4.3 General correspondence**

To date time costs of £16,336 (69 hours) have been incurred in relation to dealing with general correspondence with creditors

#### **4.4.4 Statutory reporting**

In November 2012 the Joint Administrators circulated their Progress Report to all known creditors of the Company. The Joint Administrators have also prepared this Final Report to advise creditors of the Company on the move to creditors voluntary liquidation. Time costs of £10,088 (41 hours) were incurred in relation to the preparation and circulation of these reports.

#### **4.4.5 Statutory and Compliance**

Time costs of £22,547 (77 hours) have been incurred by the Joint Administrators during the period in relation to the Joint Administrators fulfilling their statutory duties.

#### **4.5 Expenses for the period**

Expenses for the period are summarised in Appendix 5 which includes the outstanding time costs as analysed in Appendix 3.

### **5 Outstanding matters**

The Joint Administrators' Proposals have now been completed. The following matters remain outstanding and will be finalised in the creditors' voluntary liquidation:

- ☐ realisation of the remaining pre-appointment book debts;
- ☐ realisation of the remaining Intellectual Property rights;
- ☐ settlement of outstanding costs of the administration,
- ☐ finalisation of third party claims to cash received,
- ☐ agreement of unsecured creditor claims and payment of a dividend, and
- ☐ VAT and Tax clearance.



## **Appendix 1 - Statutory information**

Date of Incorporation	5 January 2000
Company number	03902678
Previous registered office	2-4 Orgreave Place Sheffield South Yorkshire S13 9LU
Present registered office	KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW
Trading addresses	2-4 Orgreave Place Sheffield South Yorkshire S13 9LU  Unit 7 Old Station Business Park Wells Road Hallatrow Bristol BS39 6EN  65 Millmarsh Lane Brimsdown Industrial Estate Enfield EN3 7UY
Called up share capital	6,033 Ordinary £1 shares
Members	White Rose Holdings Limited (100%)
Directors	Sally Belinda Brown Stephan Hollingshead Richard Mark Lobar Charles Lawrence Hastings Wright Christopher Charles Wright Peter Norman Edward Wnght
Company Secretary	Sally Belinda Brown
Employees	73
Previous name(s)	Festeasy Limited



*Inman & Co (Electrical) Limited in administration*  
Pursuant to Rules 2 47 and 2 110 of the Insolvency Rules 1986 (as amended)  
28 March 2013

## Appendix 2 - Receipts and Payments account for the period to 28 March 2013

**Inman & Co. (Electrical) Limited**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 05/10/2012 To 28/03/2013	From 05/04/2012 To 28/03/2013
	<b>FIXED CHARGE ASSETS</b>	
1,921,479.30 Book debts	NIL	NIL
14,000.00 Motor Vehicles	NIL	NIL
	NIL	NIL
	<b>FIXED CHARGE CREDITORS</b>	
(864,628.39) RBS Invoice Finance Limited	NIL	NIL
(11,605.00) Paccar Financial Hire Purchase	NIL	NIL
	NIL	NIL
	<b>ASSET REALISATIONS</b>	
15,000.00 Plant & machinery	2,900.00	29,650.00
20,000.00 Furniture & equipment	NIL	51,644.90
55,509.00 Motor vehicles	NIL	72,150.00
2,233,000.00 Stock	9,975.00	530,544.12
Other debtors	NIL	145.10
Book debts	432,899.04	833,190.25
Stock handling fee	NIL	20,333.47
1,636.00 Cash in hand	NIL	1,235.64
10,000.00 Property rights/Intellectual Property	369.00	369.00
13,125.00 Cash at bank	20,771.43	20,771.43
Insurance refund	2,312.88	2,312.88
	469,227.35	1,562,347.79
	<b>OTHER REALISATIONS</b>	
Bank interest, gross	978.05	1,517.28
Prepayments	38.64	38.64
Sundry refunds	NIL	401.25
	1,016.69	1,957.17
	<b>COST OF REALISATIONS</b>	
Debt collection fees	5,318.62	11,311.02
Debt collection disbursements	1,320.00	1,320.00
Administration surplus to Liquidation	776,483.36	776,483.36
Repayment of third party funds	38.64	38.64
Statement of affairs work	NIL	4,500.00
Contractors costs	203.04	1,903.04
Administrators' fees	100,000.00	400,000.00
Administrators' expenses	763.64	4,715.30
Funds to liquidation - VAT	24,945.88	24,945.88
Irrecoverable VAT	NIL	107.47
Forklift truck hire	NIL	1,755.00
Agents' fees	4,930.00	25,944.95
Agents' disbursements	214.61	19,182.85
Legal fees	17,000.00	32,240.00
Legal disbursements	28.00	88.00
Funds to liquidation - PAYE/NIC	42.60	42.60
Sundry Expenses	44.49	1,016.84
ROT settlement	NIL	21,120.99
Telephone/Tele/Fax	706.93	3,932.97
Subcontractor Costs	NIL	7,078.01
Heat & light	27.27	3,875.65
Re-direction of mail	NIL	110.00



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**Inman & Co. (Electrical) Limited**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 05/10/2012 To 28/03/2013	From 05/04/2012 To 28/03/2013
Statutory advertising	NIL	354.82
Rent	NIL	68,022.50
Rates	NIL	22,589.00
Insurance of assets	NIL	8,484.52
Wages & salaries	461.46	55,586.77
Bank charges	20.00	1,080.00
	<u>(932,548.54)</u>	<u>(1,497,830.18)</u>
<b>PREFERENTIAL CREDITORS</b>		
Subrogated EP(C)A claim	41,511.73	41,511.73
(66,918.69) Employees' wage and holiday pay arrears	<u>24,963.05</u>	<u>24,963.05</u>
	<u>(66,474.78)</u>	<u>(66,474.78)</u>
<b>UNSECURED CREDITORS</b>		
(2,451,325.80) Trade & expense	NIL	NIL
(401,028.21) Employees	NIL	NIL
(25,348.00) Inman Properties Limited	NIL	NIL
(46,653.25) Non-preferential NIC/PAYE	NIL	NIL
(167,726.73) Non-preferential VAT	NIL	NIL
(9538) Child Support Agency Deductions	NIL	NIL
(8,841.44) Employee Pension & Health Scheme	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
<b>DISTRIBUTIONS</b>		
(6,033.00) Ordinary shareholders	<u>NIL</u>	<u>NIL</u>
	<u>NIL</u>	<u>NIL</u>
<u>233,545.41</u>	<u>(528,779.28)</u>	<u>(0.00)</u>
<b>REPRESENTED BY</b>		
		<u>NIL</u>



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## Appendix 3 – Joint Administrators' time costs as at 28 March 2013

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
<b>Administration &amp; planning</b>							
<b>Cashiering</b>							
General (Cashiering)	4 10	100	6 20		11 30	£3,656.50	£323.58
Reconciliations (& P S accounting reviews)			2 20		2 20	£537.00	£244.09
<b>General</b>							
Fees and WP			4 00		4 00	£1,000.00	£250.00
<b>Statutory and compliance</b>							
Checklists & reviews	3 20	4 80	21 10		28 90	£8,118.50	£280.85
Closure and related formalities	2 30	11 10	27 50		40 90	£11,843.00	£289.58
Reports to debenture holders	0 50				0 50	£242.50	£485.00
Statutory receipts and payments accounts			1 00		1 00	£250.00	£250.00
Strategy documents	1 70	2 00	2 00		5 70	£2,094.50	£367.46
<b>Tax</b>							
Post appointment corporation tax	0 50	13 80			14 30	£5,560.00	£388.81
Post appointment VAT	1 30	5 00	9 85		16 15	£4,277.75	£264.88
<b>Creditors</b>							
<b>Creditors and claims</b>							
General correspondence		8 00	60 50		68 50	£15,335.50	£228.47
Payment of dividends	0 10				0 10	£48.50	£485.00
ROT Claims			1 10		1 10	£203.50	£185.00
Statutory reports	2 00	6 00	32 00	0 50	40 50	£10,087.50	£249.07
<b>Employees</b>							
Agreeing employee claims			13 10		13 10	£2,995.50	£228.66
Correspondence			2 00	7 25	9 25	£1,262.25	£136.46
Pension funds			2 00		2 00	£500.00	£250.00
Pensions reviews		1 30	11 00		12 30	£3,059.50	£237.17
<b>Realisation of assets</b>							
<b>Asset Realisation</b>							
Cash and investments	0 50	1 00	3 00		4 50	£1,357.50	£301.67
Debtors		22 00	19 40	0 50	21 90	£44,821.50	£205.70
Leasehold property			5 00		5 00	£1,250.00	£250.00
Open cover insurance			3 00		3 00	£750.00	£250.00
Other assets		1 00	3 10		4 10	£1,140.00	£278.05
Pre-appointment tax & VAT refunds			4 00		4 00	£1,000.00	£250.00
Rent			1 00		1 00	£250.00	£250.00
<b>Total in period</b>					<b>511 90</b>	<b>£22,639.00</b>	<b>£239.58</b>

**Fees drawn**

**Hours/Costs to date**

B/I	£300,000.00	2,036 70	530,773.50	£260.60
In the period	£100,000.00	511 9	£22,639.00	£239.58
C/I	£400,000.00	2,548.60	553,412.50	£256.38



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## Joint Administrators' charge out rates

Grade	From 1 October 2010 £/hr	From 1 October 2012 £/hr
Partner	535	565
Associate Partner	460	485
Director	460	485
Senior Manager	425	450
Manager	345	365
Senior Administrator	240	250
Administrator	175	185
Support	110	115

	KPMG LLP Corporation Tax Team	KPMG LLP VAT Team	KPMG LLP Pensions Team
Grade	From 1 October 2008 £/hr	From 1 October 2008 £/hr	From 1 October 2008 £/hr
Partner	595	900	465
Associate Partner	535	900	465
Director	535	805	400
Senior Manager (> 2 years)	470	705	365
Senior Manager (< 2 years)	375	565	365
Manager (> 2 years)	305	455	290
Manager (< 2 years)	255	385	290
Senior Administrator (Yr 3)	220	330	205
Senior Administrator (Yr 2)	205	310	205
Senior Administrator (Yr 1)	185	280	205
Administrator (Yr 4)	185	280	150
Administrator (Yr 3)	165	245	150
Administrator (Yr 2)	125	185	150
Administrator (Yr 1)	85	125	150



## **Appendix 4 – Joint Administrators' disbursements for the period 5 October 2012 to 28 March 2013**

<b>Expense name</b>	<b>Expense Amount</b> (£)
Specialist staff costs	742.45
Mileage costs	453.60
Other transport	12.38
<b>Total</b>	<b>1,208.43</b>

Where funds permit the officeholder will look to recover both category 1 and category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

**Category 1 disbursements:** These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

**Category 2 disbursements:** These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Any disbursements to be paid from the estate are disclosed within the summary of disbursements above.

**The only Category 2 disbursements that KPMG Restructuring currently charges is mileage, this is calculated as follows:**

Mileage claims fall into three categories

Use of privately-owned vehicle or car cash alternative – 40p per mile

Use of company car – 60p per mile

Use of partner's car – 60p per mile

For all of the above car types, when carrying passengers an additional 5p per mile per passenger will also be charged where appropriate





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## Appendix 5 - Schedule of expenses for the period 5 October 2012 to 28 March 2013

Section	Account	Accrued	Paid	Undisclosed in prior	Total
Cost of realisations	Debt collection fees	500.00	5,318.62		5,818.62
	Debt collection disbursements	1,610.00	1,320.00		2,930.00
	Repayment of third party funds		38.64		38.64
	Agents' disbursements		214.61		214.61
	Legal fees	8,000.00			8,000.00
	Legal disbursements	100.00			100.00
	Storage Costs	400.00			400.00
	Insurance of assets	1,000.00			1,000.00
	Telephone/Telex/Fax		706.93		706.93
		<b>11,610.00</b>	<b>7,598.80</b>		<b>19,208.80</b>
<b>TOTAL</b>		<b>11,610.00</b>	<b>7,598.80</b>		<b>19,208.80</b>

Creditors are reminded that the basis on which fees have been reported has been agreed by the secured creditor and preferential creditors.

However to determine if the quantum of the fees to be taken is reasonable the analysis included at Appendix 3 should be reviewed and any additional information can be requested by any secured creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with rule 2.48A IR86. This request must be made within 21 days receipt of the progress report. The full text of that rule can be provided on request.

In addition creditors are reminded that the quantum can be challenged by unsecured creditor(s) with at least 10% in value excluding that creditors claim by making an application to court in accordance with rule 2.109 IR86. The full text of this rule can also be provided on request.



## **Appendix 6 - Extract from the Insolvency Rules 1986**

### **Insolvency Rules 1986**

#### **2.48A Creditors' request for further information**

(1) If- (a) within 21 days of receipt of a progress report under Rule 2 47-

(i) a secured creditor, or

(ii) an unsecured creditor with the concurrence of **at least 5% in value** of the unsecured creditors (including the creditor in question), or

with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2).

The administrator complies with this paragraph by either—

(a) providing all of the information asked for, or

(b) so far as the administrator considers that—

(i) the time or cost of preparation of the information would be excessive, or

(ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or

(iii) the administrator is subject to an obligation of confidentiality in respect of the information,

giving reasons for not providing all of the information

(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—

(a) the giving by the administrator of reasons for not providing all of the information asked for, or

(b) the expiry of the 14 days provided for in paragraph (1),

and the court may make such order as it thinks just.

(4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2.109(1B) by such further period as the court thinks just.

#### 2.109 Creditors' claim that remuneration is or other expenses are excessive

(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) An 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,

(c) expenses incurred by the administrator,

is or are in all the circumstances, excessive, or in the case of an application under subparagraph (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 sufficient 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



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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.

## **Appendix 7 – Joint Administrators’ proposals**

The Joint Administrators have concluded to pursue the second prescribed objective (b) under Paragraph 3(1) of Schedule B1 to IA 86; achieving a better result for the Company’s creditors as a whole than would be likely if the Company were wound up.

The Joint Administrators propose the following two resolutions:

### **Resolution 1:**

- ☐ to continue to do all such things reasonably expedient and generally exercise all their powers as contained in Schedule B1 to the Insolvency Act 1986 as Joint Administrators as they, in their absolute discretion, consider desirable in order to maximise realisations from the assets of the Company;
- ☐ to investigate and, if appropriate, pursue any claims the Company may have;
- ☐ to seek an extension to the administration period if deemed necessary by the Joint Administrators pursuant to Paragraph 76 of Schedule B1 to the Insolvency Act 1986,
- ☐ to allow the administration to cease to have effect following its 12 month period or any extension thereof;
- ☐ to seek if appropriate, permission of the Court to make a distribution to unsecured creditors of the Company pursuant to Paragraph 65 of Schedule B1 to the Insolvency Act 1986 and to seek, if appropriate, any other directions from the Court,
- ☐ when it is considered that no further distributions to creditors will be made and that the Joint Administrators have concluded their duties, to take the necessary steps to move the Company from administration to dissolution, pursuant to Paragraph 84 of Schedule B1 to the Insolvency Act 1986;
- ☐ if the Joint Administrators consider that a distribution will be made to unsecured creditors of the Company, and if deemed appropriate by the Joint Administrators, to take the necessary steps to move the Company into creditors’ voluntary liquidation pursuant to Paragraph 83 of Schedule B1 to the Insolvency Act 1986,
- ☐ if creditors’ voluntary liquidation is deemed appropriate, the Joint Administrators will seek the appointment of Howard Smith and Mark Firmin of KPMG LLP as Joint Liquidators of Carleton Furniture Group Limited without any further recourse to creditors. In accordance with Paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 2.117(3) of the Insolvency Rules 1986 (as amended), creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the proposals and before the proposals are approved,
- ☐ if one of the criteria set out in Paragraph 79(2) of Schedule B1 to the Insolvency Act 1986 apply to the Company, the Joint Administrators can make an application to Court to end the administration and, if deemed appropriate, to petition the Court for the winding up of



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the Company. If appropriate, the Joint Administrators will, at the same time, apply to be appointed as Joint Liquidators under Section 140(1) of the Insolvency Act 1986; and the Joint Administrators will seek a resolution from creditors to be discharged from liability 14 days after the cessation of their appointment as Joint Administrators, in respect of any action of The Joint Administrators pursuant to Paragraph 98(1) of Schedule B1 to the Insolvency Act 1986;

- ❑ in the event that Howard Smith and Mark Firmin are appointed Joint Liquidators then they will be allowed to act jointly and severally, and
- ❑ the Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect.

**Resolution 2:**

- ❑ that in the event that no creditors' committee is formed, the Joint Administrators will be authorised to draw fees on account from the assets of the Company from time to time during the period of the administration based on time properly spent at KPMG LLP charge out rates that reflect the complexity of the assignment. In the event that Howard Smith and Mark Firmin be appointed Joint Liquidators then they will be able to draw fees on the same basis as the Joint Administrators as agreed by the Company's creditors. Also, the Joint Administrators will be authorised to draw disbursements from time to time to include category 2 disbursements; and
- ❑ that the costs of KPMG LLP in respect of HSE, Pension, Tax, Receivables Realisation Group and VAT advice provided to the Joint Administrators be based upon time costs and shall be paid out of the assets of the Company.