

The Insolvency Act 1986

Administrator's progress report

Name of Company

Nelson Direct Mail Services Limited

Company number

04041276

In the
High Court of Justice

(full name of court)

Court case number
9833 of 2010(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
Simon Thomas
Moorfields Corporate Recovery LLP
88 Wood Street
London
EC2V 7QFFred Satow
Moorfields Corporate Recovery LLP
88 Wood Street
London
EC2V 7RS

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

From

To

(b) Insert date

(b) 6 December 2010

(b) 5 June 2011

Signed

Joint / Administrator(s)

Dated

23/06/2011

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

Simon Thomas
Moorfields Corporate Recovery LLP
88 Wood Street
London
EC2V 7QF

DX Number

0208 528 1090
DX Exchange

Companies House receipt date barcode

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

SATURDAY



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25/06/2011

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COMPANIES HOUSE

Our ref NELS001/ADM 15 030
Your ref

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To All Creditors

23 June 2011

Dear Sirs

Nelson Direct Mail Services Limited ("The Company") – In Administration

In accordance with Rule 2 47, I would like to provide creditors with my update following my appointment as Joint Administrator on 6 December 2010

1. Statutory Information

Statutory information relating to the Company and the appointment is attached to this report at Appendix I

2. Progress of the Administration

The Joint Administrators receipts and payments account for the period 6 December 2010 to 5 June 2011 is attached at Appendix II

I would comment specifically as follows

2 1 Sales

Post appointment sale during the course of the administration amounted to £880

2 2 Long Leasehold Property

The Company purchased Unit 2 Quadrum Business Park, Old Portsmouth Road, Guildford, Surrey GU3 1LU ("the Property") for £720,000 in July 2005

Following our appointment we instructed independent local and national agents to value the Property with a view to immediately placing it on the open market. Agents valued the property and advised an initial asking price of £750,000

Marketing particulars were prepared and a strategic marketing campaign was commenced. Following a brief marketing period, a number of interested parties conducted viewings of the property. Out of these viewings, one interested party made an offer of £650,000 to purchase the Property, which was subsequently raised to £680,000

During the course of the sale the potential purchaser attend site with a surveyor and a planning consultant to inspect the property at which time it became apparent that the Company had not obtained the necessary planning consent to install the additional mezzanine floor space

The potential purchaser therefore submitted a revised offer of £475,000 I can confirm that this offer was recommended by the property agents and accepted by the secured charge holder As such contracts were exchanged and a sale of the Property completed on 27 May 2011 for £475,000 Ultimately the secured charge holder suffered a significant loss following the sale of the Property

2 3 Plant & Machinery

Agents instructed in this matter advised the Company's chattel assets would achieve higher realisations if they were placed in an online auction

The majority of the Company's assets being sold at auction consisted of plant and machinery which realised £65,220

In accordance with Statement of Insolvency Practice 13 (SIP 13), I would advise you that the following assets were sold to a Director of the Company

Date of transaction	Asset involved and nature of transaction	Consideration Paid and Date	Sold to	Relationship
17 March 2011	Plant, Machinery, Office Furniture and Equipment	£2 383 paid on 17 March 2011	Ralph Naidoo	Director

2 4 Office Furniture & Equipment

The Company's office furniture and equipment consisted of certain desks, chairs and shelving Total realisations for the office furniture and equipment at auction amounted to £394

2 5 Motor Vehicle

The Company owned a Renault traffic van which was placed in a specific vehicle auction and achieved a sale of £3,800

2 6 Stock

The Company's stock mainly consisted of brochures and marketing material The total amount of stock realised at auction amounted to £343

2 7 Bank Interest Gross

Total gross bank interest earned on funds held to date amounts to £6

2 8 Third Party Monies

The Company was subject to an invoice financing agreement with RBS IF Limited ("RBS")

Since the date of my appointment the Joint Administrators have been assisting RBS in collecting in outstanding sums due to the Company under its invoice financing agreement and I can confirm that the Joint Administrators currently hold £12,395 which is due to RBS

2 9 Sale Consideration – Non Refundable Deposit

During the course of negotiations for the sale of the business and assets a non refundable deposit of £10,000 was received

2 10 Site Access Fee

I can confirm total monies received in respect of site access fees totals £1,500

3 Joint Administrators Expenses

3 1 Stationary & Postage

Stationary and postage costs during the course of the administration have amounted to £1,059 and have been paid in full

It is estimated that future costs in respect of stationary and postage during the course of the administration will amount to £374

3 2 Direct Labour

During the course of the administration, gross direct labour costs for retaining the production staff amounted to £1,563

3 3 Bank Charges

During the course of the administration bank charges have totalled £21

3 4 Legal Fees

Legal fees relating to the realisation of the fixed charge asset have totalled £3,559 which has been paid in full

In respect of the floating charge assets, legal fees total £8,500 Of these fees the Joint Administrators have paid £5,000 to date, and there is a balance of £3,500 to be paid

3 5 Agents Fees

To date, agents fee incurred in realising the Company's fixed charge asset, namely the Property, have amounted to £14,598 and I can confirm the Joint Administrators have paid these costs in full

Agents fees incurred in respect of realising the Company's floating charge assets through an online auction have amounted to £11,225 I can confirm payment has not yet been paid in respect of these costs

3 6 Insurance

The insurance premium payable for cover of both the fixed and floating charge assets amounted to £3,767, which has been paid in full

3 7 Service Charge Arrears

A requirement of the sale of the property was that the Joint Administrators meet the costs of the service charge arrears, which totalled £2,884 This has been paid in full

3 8 Property Inhabitation Inspection

In order to comply with our insurers Unoccupied Code of Practice, we were require to have the property inspected every two weeks during the period in which the Property was unoccupied

I can confirm fees paid in respect of the property inhabitation inspections have amounted to £1,720 which has been paid in full

3 9 Locksmith Services

Following the property becoming unoccupied the Joint Administrators had all internal and external locks on the building changed. The total cost of doing so was £165 which has been paid in full

3 10 Fixed Charge Holder Distribution

A distribution of £437,553 was made to National Westminster Bank plc under their legal charge dated 3 November 2006

3 11 Payroll Tax Services

The cost for preparing the pre and post appointment employee tax returns amounted to £250 which has been paid in full

3 12 Storage & Collection Costs

The cost of having the Company's books and records collected, inventorised and securely stored has amounted to £322 which has been paid in full

The Joint Administrators estimate future costs for storage and destruction of the Company's books and records for the remainder of the administration will amount to £319

3 13 Redirection of Mail

The cost of redirecting the Company's mail for three months was £15

3 14 Statutory Advertising

Statutory advertising costs during the course of the administration to date have amounted to £76 which has been paid in full

3 15 VAT Payable

VAT payable during the course of the administration totals £8,889

3 16 Corporation Tax

Accountants fees for preparing the Company's corporation tax liability have amount to £500

These costs have not yet been paid and there is no corporation tax liability due to HM Revenue & Customs

4. Joint Administrators Remuneration

- 4 1 The Creditors approved that the basis of the Joint Administrators remuneration be fixed by reference to the time properly spent by them and their staff in managing the administration

My time costs for the period from the 6 December 2011 to date are £104,209, which represents 595 hours at an average charge out rate of £175 A SIP9 Time & Cost Summary which provides details of the activity costs incurred by staff grade during this period in respect of the costs fixed by reference to time properly spent by me in managing the administration is attached as Appendix III

- 4 2 Additional information in relation to this firm's policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade is attached as Appendix III
- 4 3 I can confirm the Joint Administrators have received fee approval from the first secured charge holder to draw fees up to £52,000, together with disbursements which total £1,514 I can confirm the Joint Administrators are currently seeking fee approval from the second secured charge holder
- 4 4 Furthermore, I can confirm the Joint Administrators agreed a fixed fee of £10,000 with the first secured charge holder in respect of work carried out on the sale of the Property
- 4 5 I can confirm the Joint Administrators have not drawn any fees or disbursements to date
- 4 6 I can confirm that creditors approved the Joint Administrators proposals previously circulated in accordance with Rule 2 33(5) of the Insolvency (Amendment) Rules 2003

5. Estimated outcome for creditors

5 1 Secured Creditors

The Joint Administrators can advise that National Westminster Bank plc ("NatWest") are secured by a debenture dated 15 November 2003 They have been repaid £437,553 under their legal charge dated 3 November 2006

Following a sale of the Property I can confirm NatWest have been partly repaid, however they have suffered a significant shortfall of £255,701

5 2 Preferential creditors

The Joint Administrators can confirm there are insufficient funds available to pay a dividend to preferential creditors

5 3 Unsecured creditors

Unsecured creditors claims in the administration total £1,155,433 98 at present

It is anticipated that the unsecured creditors will not receive a dividend

5 4 Prescribed Part

As previously reported, I am required to set aside an "Unsecured Creditors Fund" out of the Company's net floating charge realisations as outlined in s 176A of the Insolvency Act 1986

I can confirm there is insufficient funds to allow a distribution to unsecured creditors in accordance with s 176A of the Insolvency Act 1986

6. Ending the Administration

- 6 1 As outlined in the initial report to creditors it is the Joint Administrators intention to exit the Administration into dissolution
- 6 2 The Joint Administrators will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect

7 Creditors' rights

- 7 1 Within 21 Days of the receipt of this report, a secured creditor, or an unsecured creditor (with concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Joint Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report
- 7 2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the basis fixed for the Joint Administrators remuneration, the remuneration charged or the expenses incurred by the Joint Administrator as set out in the progress report are excessive
- 7 3 I can confirm that creditors approved the Joint Administrators proposals previously circulated in accordance with Rule 2 33(5) of the Insolvency (Amendment) Rules 2003

Yours faithfully
For and on behalf of
Nelson Direct Mail Services Limited



S R Thomas
Joint Administrator

DDI 020 7186 1150
Fax 020 7186 1166
Email mbracken@moorfieldscr.com

Simon Thomas and Fred Satow of Moorfields Corporate Recovery LLP, 88 Wood Street, London, EC2V 7RS were appointed Joint Administrators on 6 December 2010. The Joint Administrators now manage the affairs, business and property of the company. The Joint Administrators act as agents only and without personal liability.

**Nelson Direct Mail Services Limited
In Administration****Company Information**

Company Name	Nelson Direct Mail Services Limited
Company Number	04041276
Registered Office	c/o Moorfields Corporate Recovery LLP 88 Wood Street London EC2V 7QF
Trading Address	Nelson House Unit 2 Quadrum Park, Old Portsmouth Road, Guildford, Surrey GU3 1 LU

Appointment details

Administrators	Simon Robert Thomas and Frederick Charles Satow
Administrators' address	Moorfields Corporate Recovery LLP, 88 Wood Street, London EC2V 7QF
Date of appointment	6 December 2010
Court	High Court of Justice
Court Reference	9833 of 2010
Appointed by	Qualifying Floating Charge Holder – RBS IF Limited
Functions	Any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Administrators acting jointly or alone
EC Regulations	The Company's registered office is from where the Company carries on its business. Therefore in the absence of proof to the contrary, the Company's centre of main interests is in the United Kingdom and as such these proceedings will be the main proceedings as defined in article 3 of the EC regulation

APPENDIX II

**Nelson Direct Mail Services Limited
(In Administration)**

**Administrators' Abstract Of Receipts And Payments
To 5 June 2011**

	Fixed Charge £	Floating Charge £	Total £
RECEIPTS			
Sales		880	880
Long Leasehold Property	475,000		475,000
Plant & Machinery		65,220	65,220
Office Furniture & Equipment		394	394
Motor Vehicles		3,800	3,800
Stock		343	343
Bank Interest Gross		6	6
Third Party Monies		12,395	12,395
Sale Consideration - Non Refundable Depo		10,000	10,000
Site Access Fee		1,500	1,500
Vat Payable		14,206	14,206
	475,000	108,744	583,744
PAYMENTS			
Stationery & Postage		1,059	1,059
Direct Labour (gross)		1,563	1,563
Bank charges	1	20	21
Legal Fees	3,559	5,000	8,559
Agents Fees	14,598		14,598
Insurance	3,767		3,767
Service Charge Arrears	2,884		2,884
Property Inhabitation Inspection fees	1,720		1,720
Locksmith Services	165		165
Fixed Charge Holder	437,553		437,553
Payroll Tax Services		250	250
Storage & Collection Costs		322	322
Re-Direction of Mail		15	15
Statutory Advertising		76	76
Vat Receivable		1,319	1,319
Fixed Ch Vat Receivable	3,997		3,997
	468,243	9,625	477,868
Balances in Hand	6,757	99,119	105,876
	475,000	108,744	583,744

SIP9 Time & Cost Summary

Nelson Direct Mail Services Limited - In Administration
From 6 December 2010 To 5 June 2011

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	0 00	4 30	13 70	92 10	110 10	15,440 75	140 24
Asset Realisation	0 00	11 25	306 70	11 40	329 35	62,141 00	188 68
Case Specific Matters	0 00	0 00	6 50	2 60	9 10	1,527 50	167 86
Creditors	0 00	0 00	11 25	4 20	15 45	2,598 00	168 16
Investigations	0 00	0 00	6 20	0 00	6 20	1,147 00	185 00
Trading	0 50	9 25	63 00	51 80	124 55	21,354 50	171 45
Total Hours	0.50	24.80	407 35	162.10	594 75	104,208.75	175 21

Total Billed (Time & Direct Costs)

0 00

Total Direct Costs Incurred

1,514.21

Explanation of office-holders charging and disbursement recovery policies

Appendix III of this report outlines the time costs to date in relation to activities undertaken during this matter. The activities are summarised as follows:

1.1 Administration and planning

The following activities have been undertaken:

- Statutory duties associated with the appointment including the filing of relevant notices,
- Notification of the appointment to creditors, members, employees and other interested parties,
- Setting up of case files
- Reviewing available information to determine the appropriate strategy,
- Setting up and maintaining bank accounts,
- Implementing the strategy for the Administration,
- 6 monthly progress report on the case,
- 6 monthly case review of actions taken to date, and
- Completion of statutory returns to the Insolvency Compliance Unit of the Department for Business Innovation and Skills

Staff of different levels were involved in the above activities depending upon the experience required.

1.2 Realisation of assets

Appendix II shows the realisations made for the benefit of the creditors. In this case the assets belonging to the Company were as follows:

- Long leasehold property secured on a 996 year lease,
- Renault traffic van,
- Office furniture and equipment,
- Stock consisting mainly of flyers and marketing material,
- Plant and machinery, and
- Pursuing outstanding debtor sums due to RBS IF Limited

The time spent includes the following matters:

- Corresponding with agents in relation to the valuation and realisation of both fixed and floating assets,
- Pursuing debtors for outstanding sums due to the Company,
- Liaising with the fixed charge holder in relation to the sale of the long leasehold property,
- Negotiating with the potential purchaser for the sale of the long leasehold property,
- Liaising with customers to ensure remaining outstanding orders were completed,
- Liaising with the floating charge holder in relation to the sale of the floating charge assets,
- Negotiating with former directors re sale of certain assets,
- Placing assets into an online auction, and
- Distribution of funds in respect of fixed charge assets

1.3 Creditors

The time spent includes the following matters

- Recording and maintaining the list of creditors,
- Dealing with employee related matters,
- Employee communications and liaising with Government agencies to facilitate employee claims for unpaid entitlements,
- Recording creditor claims,
- Dealing with specific creditor calls and correspondence,
- Reporting to creditors,
- Meetings of creditors,
- Dealing with creditor queries, and
- Reviewing and evaluating creditor claims to date

1.4 Investigations and communications

The time spent includes the following matters

- Corresponding with Company directors for purposes of conduct report,
- Issuing questionnaires and requests for Statement of Affairs,
- Reviewing Company records and questionnaires and preparing the statutory return in accordance with the requirements of the Department for Business Innovation and Skills

1.5 Time recording

Time properly incurred on cases is charged to the assignment at the hourly rate prevailing at the time. The current hourly rates are outlined below

	£
Partner	440
Director	325
Manager	300 - 325
Assistant manager	250
Senior Administrator	200 – 220
Administrator	100 – 185
Cashier	125 – 140
Support	70

For your information, A Creditor's Guide to Administrators' Fees can be obtained at <http://www.insolvency-practitioners.org.uk/uploads/Admin.pdf>

2.1 Disbursement recovery

Category 1 Disbursements

Separate charges are made in respect of directly attributable expenses (Category 1 disbursements) such as travelling, postage, photocopying if external provider, statutory advertising and other expenses made on behalf of the assignment

These expenses are detailed as follows

- Company searches are charged at cost
- External meeting room costs
- External document storage costs
- Mileage allowances are paid at HM Revenue & Customs approved rates. For personnel using their own vehicles, these are currently 40 pence per mile for the first 10,000 miles and 25 pence per mile thereafter

Category 2 Disbursements

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred by Moorfields Corporate Recovery LLP for the provision of services which include an element of recharged overhead, for example, room hire or document storage

The following Category 2 disbursements are currently charged by this firm

- Stationery and postage charge for sending out circulars – 5 pence per sheet plus postage at cost

It should be noted that disbursements costs might increase from time to time, however, increases would only be in line with inflation or increases from our supplier