

The Insolvency Act 1986

2.24B**Administrator's progress report**

Name of Company Car Cosmetics (Manchester) Ltd	Company number 04072772
In the High Court of Justice Chancery Division Manchester District Registry	Court case number 2393 of 2012

We
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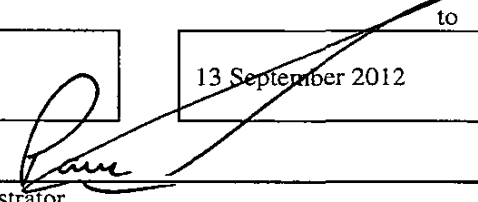
IP number 9075

IP number 8709

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

from 14 March 2012	to 13 September 2012
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Signed


Joint Administrator

Dated

10 October 2012

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.

Jason Loucopoulos KPMG LLP St James' Square Manchester M2 6DS United Kingdom DX Number DX 724620 Manchester 42		Tel 0161 246 4766 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

SATURDAY



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13/10/2012
COMPANIES HOUSE

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**Car Cosmetics (Manchester) Ltd (in
Administration)**

**Progress report
for the period 14 March 2012 to
13 September 2012 pursuant to
Rule 2.47 of the Insolvency
Rules 1986 (as amended)**

KPMG LLP

10 October 2012

This report contains 16 Pages



Car Cosmetics (Manchester) Ltd (in Administration)

Progress report

KPMG LLP

10 October 2012

Notice: about this report

This Report has been prepared by Paul Andrew Flint and Brian Green, the Joint Administrators of Car Cosmetics (Manchester) Ltd, 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 Car Cosmetics (Manchester) Ltd or other companies in the same group

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 does so at its 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

Paul Andrew Flint is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales

Brian Green is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales

The Joint Administrators act as agents for Car Cosmetics (Manchester) Ltd 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



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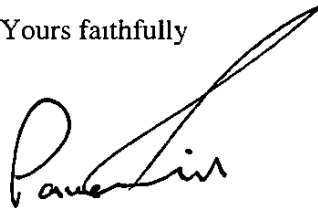
Glossary

Act	Insolvency Act 1986 (as amended)
Administration	The Administration order granted by the High Court of Justice, Chancery Division, Manchester District Registry in respect of Car Cosmetics (Manchester) Ltd dated 14 March 2012 Court case number 2393 of 2012
Agents/Eddisons	Eddisons Commercial Ltd
Bank/RBS	The Royal Bank of Scotland Plc
Car Cosmetics/Company	Car Cosmetics (Manchester) Ltd (in Administration)
Director(s)	David Gage, director of Car Cosmetics (Manchester) Ltd
EC Regulations	Council Regulations (EC) No 1346/2000
Fixed Charge Receivers	Paul Andrew Flint and Brian Green of KPMG LLP over Units 3, 8 and 10/11 Monde Trading Estate
HMRC	HM Revenue and Customs
HP	Hire Purchase
Joint Administrators	Paul Andrew Flint and Brian Green of KPMG LLP
KPMG	KPMG LLP
Lombard	Lombard North Central Plc
Parkway	Parkway Prestige (Arc) Ltd
Period	14 March 2012 to 13 September 2012
Solicitors	Addleshaw Goddard LLP
The Partnership	Gage and McCauley Holdings
Unit 10/11	Unit 10/11 Monde Trading Estate
Unit 8	Unit 8 Monde Trading Estate
VAT	Value Added Tax

1 **Executive summary**

- This progress report covers the period from appointment on 14 March 2012 to 13 September 2012
- The Joint Administrators' Statement of Proposals was deemed approved on 28 May 2012 pursuant to Rule 2.33 (5A) of the Insolvency Rules 1986 (as amended) and has not been modified
- During the period of reporting, the Joint Administrators have
 - granted a licence to Parkway to use the assets of the Company,
 - collected in the majority of pre appointment book debts, and
 - implemented a strategy to realise the assets of the Company
- An offer for the assets of the Company, namely the plant and machinery, has been accepted and completion of the deal is currently in progress
- Based on the expected level of realisations, it is unlikely that a dividend will be paid to unsecured creditors other than via the prescribed part
- Full details of the Joint Administrators' progress report are attached together with all the relevant statutory information included by way of Appendices.

Yours faithfully



Paul Andrew Flint
Joint Administrator

2 Statement of proposals

The Joint Administrators' Statement of Proposals was circulated on 8 May 2012

Pursuant to Paragraph 52(1)(b) of Schedule B1 of the Insolvency Act 1986, a meeting of creditors was not convened and one was not subsequently requisitioned. As a result the Statement of Proposals as circulated was deemed to have been approved on 28 May 2012 pursuant to Rule 2.33 (5A) with the exception of any proposals in relation to the Joint Administrators' fees or discharge of liability.

3 Progress of the administration to date

3.1 Sale of business and assets

As previously reported, prior to the appointment of Joint Administrators the Company ceased to trade on 29 February 2012, and all employees were made redundant on this date. On 1 March 2012, the former employees of the Company were re-employed by Parkway. Parkway now occupy the former Company's trading premises (Unit 10/11) and are using the Company's assets to trade a similar business to the Company.

As the Company had ceased to trade prior to our appointment as Administrators, it was not possible to sell the business as a going concern, and our strategy in the Administration was to dispose of the assets of the business, namely the plant and machinery.

3.2 Licence fees

Following the appointment of Joint Administrators, a licence to use the assets of the Company was granted to Parkway whilst the Joint Administrators evaluated the various options available to realise the assets of the Company. The agreement requires Parkway to pay a weekly licence fee for the use of the Company's assets.

Licences to occupy the trading premises (Unit 10/11), and for the use of Unit 8 as a storage facility, were also granted to Parkway by the Fixed Charge Receivers.

To date, licence fees collected relating to the use of the Company's assets total £30,057.

3.3 Plant and machinery

The Company used plant and machinery which is subject to a HP agreement with Lombard. At the date of appointment, an amount of approximately £300,000 was outstanding to Lombard. We obtained permission from Lombard to deal with these assets as part of the Administration. The Company also owns plant and machinery not subject to HP with book value of £133,122.

Our Agents were instructed to perform valuations of the assets and provide advice on the marketing and sales process. As the bulk of the plant and machinery were fixed into the property, Eddisons advised that in order to maximise value for the assets of the Company, it would be necessary to market for sale a car body shop facility which would include the

plant and machinery and trading premises. As previously reported, Paul Flint and Brian Green were appointed Joint Fixed Charge Receivers over the trading premises, Unit 10/11, on 14 March 2012, and as such any sale would involve the Fixed Charge Receivers.

Eddisons undertook a marketing operation and emailed circa 100 car body repair shops offering the facility for sale. A further 15 leading UK car body repair shops were contacted via telephone.

Requests for further details were received from 11 parties, resulting in one serious enquiry.

Following the marketing process, we received two offers for the car body shop facility which included the Company's assets. One of the offers was from the current licensee, Parkway. After consultation with the secured creditor, and based on our Agent's advice, an offer from Parkway was accepted. Legal work is currently in progress to complete the deal.

3.4 Book debts

At the date of appointment the books and records showed outstanding debts due to the Company totalling £70,751. We engaged the services of Parkway to assist in the collection of the debtor book. To date we have received the full amount of pre-appointment book debts together with some sundry debts of £1,363. A further amount of £1,298 collected has been determined to be a debt due to Parkway and will be transferred in due course.

3.5 Leasehold property

Upon appointment, the landlord to Unit 10/11 advised that the Company did not have a formal lease in place to occupy the trading premises, and that a new lease had been granted to Parkway on a ten year term effective from 1 March 2012. However, following the appointment of the Fixed Charge Receivers, the lease was surrendered and a licence to occupy was granted to Parkway by the Fixed Charge Receivers.

3.6 Director's conduct

In accordance with Rule 4 of the Insolvent Companies (Report on conduct of Directors) Rules 1996 we are required to submit a report on the director's conduct in the three years prior to the Administration. This has been completed in the period.

3.7 Communication

On 14 March 2012, all potential creditors were contacted by letter by the Joint Administrators informing them of their appointment.

The Joint Administrators' Statement of Proposals was circulated to all creditors of the Company on 8 May 2012.

Notice of deemed acceptance of the Joint Administrators' Statement of Proposals was circulated to all creditors of the Company on 28 May 2012

3.8 Cost of realisations

Since 14 March 2012, the Administrators have been engaged in

- locating and securing the books and records of the Company,
- negotiating with Parkway on the licence to use the assets of the Company, and then licence fee collection,
- discussions with our Agents regarding a valuation and strategy to dispose of the assets of the Company,
- discussions and negotiations with interested parties,
- dealing with VAT and tax matters,
- reporting on director conduct,
- dealing with creditor and general queries and correspondence,
- reporting to creditors; and
- statutory filing and reporting associated with the Administration

The KPMG team working on the case includes the Joint Administrators, case manager, case administrators and support team

The Joint Administrators' time costs incurred to 13 September 2012 are £75,226. A full analysis of the Administrators' costs to date in accordance with the provisions of the Statement of Insolvency Practice 9 is attached at Appendix 3. Expenses incurred to 13 September 2012 amount to £82.

The basis of the fees has yet to be agreed and therefore no fees have been drawn to date.

A creditor's guide to fees can be found at

http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP%209%20E&W.pdf

However if you are unable to access this guide and would like a paper copy, please contact Jason Loucopoulos on +44 (0) 161 246 4766

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 of the Insolvency Rules 1986. This request must be made within 21 days of receipt of this report. The full text of that rule can be provided on request.

In addition, creditors are reminded that the quantum of any fees drawn can be challenged by unsecured creditor(s) with at least 10% in value including that creditors claim by making an application to court in accordance with Rule 2.109 of the Insolvency Rules 1986. The full text of this rule can also be provided on request.

The Joint Administrators have instructed KPMG LLP Global Sustainability Services, Pension, Tax and VAT specialists to carry out assessments of the Company's position

Full details of costs incurred to date are included at section 6 of this report

4 Creditors

4.1 Secured creditors

RBS hold a debenture over the fixed and floating assets of the Company. The debenture was created on 12 September 2007. Our Solicitors have reviewed the Bank's security and have confirmed the validity of the debenture.

At the date of appointment we understand that £379,000 was due to RBS.

We anticipate that realisations will be insufficient to wholly satisfy the secured lending to RBS.

4.2 Preferential creditors

We understand that the employees of the Company were made redundant on 29 February 2012 and that all employees were paid up to that date. As such we do not anticipate there to be any preferential claims in the Administration.

4.3 Unsecured creditors

We have not been provided a Statement of Affairs from the directors. However, the books and records show an amount owing to trade creditors totalling £15,397, and an amount of £50,000 owing to HMRC. Based on current information it is estimated that there will be insufficient realisations to enable a dividend to be paid to unsecured creditors, other than via the prescribed part.

The prescribed part is a proportion of the net floating charge realisations after costs of the Administration and preferential creditors have been paid in full, to be distributed exclusively to unsecured creditors.

At present it is not possible to determine the value of the prescribed part until the assets of the Company have been realised.

5 Outstanding matters

5.1 Conclusion of the Administration

The Joint Administrators are still dealing with a number of issues in respect of the Administration.

The Joint Administrators' proposals are yet to be fully completed. Consequently, the Joint Administrators are not in a position to conclude the Administration.

The following matters are still outstanding



- sale of the assets of the Company,
- distributions to secured creditors,
- agreement and payment of a dividend via the Administration process subject to court approval,
- conclusion of outstanding statutory and administrative matters

6 Comments on the Appendices

6.1 Appendix 1: Statutory information

Statutory information associated with the Administration is detailed in Appendix 1

6.2 Appendix 2: Receipts & payments account for the period 14 March 2012 to 13 September 2012

An analysis of the receipts and payments for the period 14 March 2012 to 13 September 2012 is attached at Appendix 2

Funds held in the Joint Administrators' bank account as at 13 September 2012 total £94,978

These figures are exclusive of VAT

6.2.1 Receipts

6.2.1.1 Licence fees

Since the appointment of the Administrators, we have received licence fees of £30,057 from Parkway

6.2.1.2 Book debts

We have received £73,412 in relation to book debts in the Period. It has since been determined that a debt of £1,298 was due to Parkway and not the Company and will be transferred to them in due course

6.2.1.3 Bank interest

Bank interest of £22 has been received in the Period

6.2.1.4 Sundry refunds

Sundry refunds of £2,738, which includes a business rates refund, have been received in the Period

6.2.2 Payments

6.2.2.1 Statutory advertising

Statutory advertising costs of £68 have been paid in the Period

6.2.2.2 Mail redirection

The Administrators have paid £82 to setup a mail redirection

6.2.2.3 Legal fees

Legal expenses amounting to £615 have been paid in the Period

6.2.2.4 Hire of equipment

Lombard have been paid £16,154 to allow the Administrators to use their assets during the Period

6.2.2.5 Bank charges

Bank charges totalling £20 have been paid during the Period

6.3 Appendix 3: Analysis of Joint Administrators' time costs and disbursements

As discussed in section 3.8 total time costs to 13 September 2012 are £75,226.

Time costs of £9,523 have been incurred in dealing with the Joint Administrators' appointment and other related formalities

Time costs of £20,190 have been incurred in relation to dealing with the Company's primary asset, the plant and machinery. This includes pursuing a sale of these assets and the granting of a licence to use the assets

Other notable areas of time costs incurred include statutory reporting and reporting on director conduct, amounting to £7,350 and £6,615 respectively

6.4 Appendix 4: Schedule of expenses for the period 14 March 2012 to 13 September 2012

Expenses for this Period total £115,717 including accrued costs for the Administrators' remuneration and other expenses not yet paid

Of the other accrued amounts, £9,000 relates to agents' fees for the valuation and marketing process of the Company's assets and property, £9,298 relates to legal fees accrued in the Period, and £5,173 relates to insurance of the Company's assets

A full breakdown is enclosed at Appendix 4

Details of the amount accrued for the office holders' remuneration and other amounts that require explanation are discussed above. Additional information about 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 explained above



Appendix 1 – Statutory information

Appointment

For period	14 March 2012 to 13 September 2012
Company name	Car Cosmetics (Manchester) Limited
Date of incorporation	15 September 2000
Court details	The Administration Order was made on 14 March 2012 in High Court Manchester District Registry number 2393 of 2012
Date of appointment	14 March 2012
Office holder details	Paul Andrew Flint and Brian Green were appointed on 14 March 2012 and are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales
Registered number	04072772
Previous registered office	Unit 10/11 Monde Trading Estate Westinghouse Road Trafford Park Manchester M17 1LP
Present registered office	c/o KPMG LLP St James' Square Manchester M2 6DS
Issued share capital	£100
Shareholders	David Gage Anthony McCauley Gillian Gage West Register
Directors	David Gage
Company secretary	Gillian Gage



Car Cosmetics (Manchester) Ltd (in Administration)

Progress report

KPMG LLP

10 October 2012

Appendix 2 – Joint Administrators' receipts and payments account for the period 14 March 2012 to 13 September 2013

Car Cosmetics (Manchester) Ltd (In Administration) Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 14/03/2012 To 13/09/2012	From 14/03/2012 To 13/09/2012
ASSET REALISATIONS		
Book debts	73,411 90	73,411 90
License Fees	30,057 21	30,057 21
	<u>103,469 11</u>	<u>103,469 11</u>
OTHER REALISATIONS		
Bank interest, gross	22.45	22.45
Sundry refunds	2,738 02	2,738 02
	<u>2,760 47</u>	<u>2,760 47</u>
COST OF REALISATIONS		
Hire of Equipment	16,153 80	16,153 80
Legal fees	615 44	615 44
Re-direction of mail	81 72	81 72
Statutory advertising	67 50	67 50
Bank charges	20 00	20 00
	<u>(16,938 46)</u>	<u>(16,938 46)</u>
	<u>89,291.12</u>	<u>89,291 12</u>
REPRESENTED BY		
Floating ch VAT rec'able		324 29
Floating charge current		94,978 36
Floating ch VAT payable		(6,011 53)
		<u>89,291.12</u>



Car Cosmetics (Manchester) Ltd (in Administration)
Progress report
KPMG LLP
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Appendix 3 – Joint Administrators' time costs, charge out rates and expenses for the period 14 March 2012 to 13 September 2012

For the period 14/03/2012 to 13/09/2012

	Partner/ Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Bankrupt/Director/Member							
Notification of appointment		1 00			1 00	£345 00	£345 00
Cashiering							
General (Cashiering)				0.90	0 90	£99 00	£110 00
Reconciliations (& IPS accounting reviews)			0 50		0 50	£107 00	£214 00
General							
Fees and WIP			7 00	0 80	7 80	£1,768 00	£226 67
Statutory and compliance							
Appointment and related formalities	0 50	14 00	25 50		40 00	£9,522 50	£238 06
Bonding and bordereau		0 50		0 50	1 00	£227 50	£227 50
Checklist & reviews		1 00	6 00		7 00	£1,475 00	£210 71
Pre-appointment checks			2 30		2 30	£487 00	£211 74
Reports to debenture holders	1 00	8 00		1 50	10 50	£3,385 00	£322 38
Strategy documents	1 00	2 00	2 00		5 00	£1,537 50	£307 50
Tax							
Initial reviews - CT and VAT		3 20	8 00		11 20	£3,144 00	£280 71
Post appointment corporation tax		0 60			0 60	£207 00	£345 00
Post appointment VAT		6 70	9.55		16 25	£3,982 75	£245 09
Creditors							
Creditors and claims							
General correspondence		5 00	14 70		19 70	£4,297 50	£218 15
Secured creditors	1 50	1 00	1 50		4 00	£1,297 50	£324 38
Statutory reports			42 00		42 00	£7,350 00	£175 00
Employees							
Correspondence		0 50			0 50	£172 50	£345 00
Pensions reviews			8 00		8 00	£1,920 00	£240 00
Investigation							
Directors							
D form drafting and submission	1 00	9 00	17 00		27 00	£6,615 00	£245 00
Statement of affairs		0 20	2 00		2 20	£419 00	£190 45
Investigations							
Correspondence re investigations			1 50		1 50	£262 50	£175 00
Mail redirection			0 50		0 50	£87 50	£175 00
Realisation of assets							
Asset Realisation							
Debtors	0 20	8 80	2 00		11 00	£3,493 00	£317 55
Health & safety		0 70			0 70	£241 50	£345 00
Office equipment, fixtures & fittings		5 50			5 50	£1,897 50	£345 00
Open cover insurance			2 00		2 00	£350 00	£175 00
Plant and machinery	2 00	35 80	39 50		77 30	£20,190 00	£261 19
Vehicles		1 00			1 00	£345 00	£345 00
Total in period					306 95	£75,225 75	£245 07
Fees drawn					Hours/Costs to date		
B/f			0 00		0 00	0 00	0 00
In the period			0 00		306 95	75,225 75	245 07
C/f			<u>0 00</u>		<u>306 95</u>	<u>75,225 75</u>	<u>245 07</u>

Notes

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 the assignment but is reflected in the general level of charge out rates.



Car Cosmetics (Manchester) Ltd (in Administration)

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KPMG LLP

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Chargeable rates from 1 October 2010

Grade	Rate per hour (£)
Partner	535
Associate Partner	460
Director	460
Senior Manager	425
Manager	345
Assistant Manager	240
Assistant	175
Support	110

Category 1 expenses

	£
Other transport costs	20 00
Sundry expenses	40 00
Telecommunications	9 56
	<hr/>
	69 56
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Category 2 expenses

	£
Car mileage	12.20
	<hr/>
	12.20
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Car Cosmetics (Manchester) Ltd (in Administration)

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**Appendix 4 – Schedule of expenses for the period 14 March 2012
to 13 September 2012**

Section	Account	Accrued	Paid	Total
	Hire of Equipment		16,153 80	16,153 80
	Administrators' fees	75,225.75		75,225 75
	Administrators' expenses	81.76		81 76
	Agents'/Valuers' fees	9,000 00		9,000 00
	Legal fees	9,297 90	615 44	9,913 34
	Re-direction of mail		81 72	81 72
	Statutory advertising		67 50	67 50
	Insurance of assets	5,172 80		5,172 80
	Bank charges		20 00	20 00
TOTAL		98,778.21	16,938.46	115,716.67