

The Insolvency Act 1986

Administrator's progress report

Name of Company Commercial motors (South West) Limited	Company number 04729427
In the Royal Courts of Justice, Bristol District Registry - Chancery Division <small>[full name of court]</small>	Court case number 10189 0/2009

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

X/We (a) Nigel Morrison & Alistair Wardell, both of Grant Thornton UK LLP, Hartwell House, 55-61 Victoria Street, Bristol BS1 6FT & 11-13 Penhill Road, Cardiff, CF11 9UP respectively

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

(b) Insert dates

from

to

(b) 6 August 2010**(b) 5 February 2011**

Signed

N M
Joint Administrator(s)

Dated

14/2/11**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.

Grant Thornton UK LLP	
Hartwell House, 55-61 Victoria Street	
Bristol BS1 6FT	Tel 0117 305 7600
DX Number	DX Exchange

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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To the Creditors

Recovery and Reorganisation

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18 February 2011

Dear Sir or Madam

Commercial Motors (South West) Limited - In Administration ("the Company")
In the Royal Courts of Justice, Bristol District Registry, Chancery Division
Case number 10189 of 2009

1 Introduction

- 1.1 Following the appointment of my partner, Alistair Wardell, and myself as joint administrators of the Company by the directors on 6 February 2009, I now report on the progress of the administration for the period 6 August 2010 to 5 February 2011
- 1.2 In accordance with paragraph 100 (2) of Schedule B1 to the Insolvency Act 1986 the functions of the administrators are to be exercised by any or all of them
- 1.3 This report should be read in conjunction with my statement of proposals dated 31 March 2009

2 Statutory information

- 2.1 The Company's statutory details are as follows

Registered number 04729427

Registered office c/o Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

Chartered Accountants
Member firm within Grant Thornton International Ltd
Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP
A list of members is available from our registered office

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

A list of personnel permitted by Grant Thornton to accept appointments as insolvency practitioners and of their respective authorising bodies may be inspected at the above address.

Former trading address

Kings Weston Lane
St Andrews Road
Avonmouth
BS11 9BY

Also premises at Bristol, Chilcompton,
Exeter, Plymouth, St Austell and Yeovil

3 Progress report

Trade debtors

- 3 1 As previously reported, HSBC Invoice Finance (UK) Ltd has been paid in full and the remaining books debts were reassigned to the Company along with a balance of £11,536. Following a review of the ledger, there appeared to be an outstanding balance of circa £600,000 on the debtor ledger. Due to the number and age of outstanding debts, I instructed Clarke Willmott LLP to collect the outstanding book debts on a commission basis. Due to both the disputes and age of the debts it is not expected that the realisations will be sufficient to pay the preferential claims in full.
- 3 2 I have since received an update from Clarke Willmott LLP who advised that a balance of £129,224 will not be recoverable due to the lack of copy invoices. A further £116,836 is deemed to be irrecoverable as the majority of these debts are either disputed and/or uneconomical to pursue. In addition several companies had gone into some form of insolvency. The remaining book debts totalling £327,075 are currently being reviewed as some of these relate to small debts with others requiring invoices before they may be settled.
- 3 3 Since my last report, I have received further book debts of £33,857 which is reflected in the attached receipts and payment account.

Leasehold properties

- 3 4 Further to my previous report I advised that there was no value in the Company's leasehold properties. These have all either been surrendered or forfeited to the landlord or were assigned.

Inter-company Debts

- 3 5 I previously reported that £35k was owed by Commercial Motors (Newport) Ltd, following a review this amount has been reduced to £17k. There is a prospect of a small dividend, in the region of 4p in the £, from the liquidation of Commercial Motors (Newport) Ltd.
- 3 6 The sum of £48K is owed by Commercial Motors Ltd, this company acted as a property holding company for the group. I am advised that there is currently no equity in the property and this is the company's only asset. I am currently awaiting a final settlement offer before considering further recovery action.

Other assets

- 3 7 I have received the rates refund of £1,610 as stated in my last report together with an insurance refund of £25. I do not anticipate any further realisations from this source.

Receipts and payments account

- 3 8 A receipts and payments account from the date of my appointment to 5 February 2011 is attached at Appendix A, together with a receipts and payments account for the six month period from 6 August 2010 to 5 February 2011 at Appendix B

4 Liabilities and outcome for creditors

Secured creditors

- 4 1 No further distributions have been made to the secured creditors since my report dated 1 March 2010
- 4 2 As advised previously HSBC Asset Finance UK Limited, HSBC Equipment Finance UK Limited (HEF) and HSBC Invoice Finance (UK) Limited have all been paid in full
- 4 3 A distribution of £35,138 19 was made to HEF in respect of its fixed charge on the plant and machinery
- 4 4 A distribution of £65,000 was previously made to HSBC Bank Plc (the Bank), against a debt of £1,176,000, giving rise to a deficit of circa £1,111,000 The Bank holds a fixed and floating charge dated 31 July 2003
- 4 5 As the Bank's charge pre-dates 15 September 2003 the 'prescribed part' pursuant to Section 176A of the Insolvency Act 1986 is not applicable Section 176A entitles unsecured creditors to a share of the net property available to the holder of a floating charge

Preferential creditors

- 4 6 I have agreed two preferential claims, one from the Insolvency Service for £80,467 and the other from the Bank who has a subrogated wages claim for £83,249
- 4 7 The level of any distribution to the preferential creditors will depend on future realisations from the outstanding book debts

Unsecured creditors

- 4 8 Based on current information, I estimate that there will be insufficient realisations to pay a dividend to unsecured creditors

5 Extension to the administration

- 5 1 Consent to extend the administration until 5 August 2010 was previously obtained with the consent of the Bank and the Department for Business, Innovation and Skills
- 5 2 As only one extension is allowed with creditor consent, Osborne Clarke solicitors were instructed to make an application to court to extend the administration for a further 12 months On 4 August 2010 a court order was obtained to extend the period of administration until 4 August 2011 The purpose of the extension was to continue to collect out the Company's remaining book debt ledger

6 Administrators' remuneration and disbursements

6.1 In accordance with R 2.106 of the Insolvency Act 1986, as I do not anticipate paying a dividend to the unsecured creditors in this matter, I must seek approval of my fees from all secured creditors and any preferential creditor whose claim exceeds 50 percent of total preferential claims. I have obtained such approval from the Bank and the Insolvency Service and have drawn £153,048 in time costs to date.

6.2 Time costs to 11 February 2011 amount to £366,191, representing 1,466 hours at an average cost of £250 per hour. There are outstanding disbursements totalling £3,397.

Attached at Appendix C is a summary of the time cost prepared in accordance with the Standard Insolvency Practice 9. Background information regarding the fees of Administrators can be found at <http://www.insolvency-practitioners.org.uk> (navigate via 'Regulation and Guidance' to 'Creditors Guides to Fees').

My next report will be due in a further six months or at the end of the Administration, whichever is sooner.

If you should have any queries please contact David Holland on 0117 305 7673.

Yours faithfully
for and on behalf of Commercial Motors (South West) Limited :



pp Nigel Morrison
Joint Administrator

The business, property and affairs of Commercial Motors (South West) Limited are being dealt with by Nigel Morrison and Alistair Wardell, appointed as joint administrators on 6 February 2009.

**Commercial Motors (South West) Ltd
(In Administration)**

Appendix A

**Income and Expenditure Account
To 05 February 2011**

Statement of Affairs Value £		Fixed Charge £	Floating Charge £	Total £
	INCOME			
35,138	Plant & Machinery	35,138 19		35,138 19
75,000	Goodwill	75,000 00		75,000 00
126,662	Plant & Machinery		130,861 81	130,861 81
138,200	Motor Vehicles		138,000 00	138,000 00
0	Stock		25,718 63	25,718 63
1,222,168	Book Debts		47,073 35	47,073 35
510,000	Intercompany debts		0 00	0 00
	Misc Float Receipts		5,598 04	5,598 04
	Bank/ISA InterestGross		156 12	156 12
	Misc Refunds		21,180 75	21,180 75
	Rates Refund		1,610 04	1,610 04
2,107,168		110,138 19	370,198 74	480,336 93
	EXPENDITURE			
	Rents		2,434 35	2,434 35
	Rent (Admin)		1,054 79	1,054 79
	PAYE/NI		14,031 86	14,031 86
	Net Wages		27,184 12	27,184 12
	Other Payroll Deductions		749 74	749 74
	Administrators Fees	7,000 00		7,000 00
	Legal Fees	3,000 00		3,000 00
	Chargeholder (1) HSBC	65,000 00		65,000 00
	Chargeholder (2) HEF	35,138 19		35,138 19
	VAT (refund due to HMRC)		316 44	316 44
	Preparation of S of A		750 00	750 00
	Administrators Fees		146,048 00	146,048 00
	Agents/Valuers Fees (1)		23,206 56	23,206 56
	Quantity Surveyors Fees		159 00	159 00
	Legal Fees (1)		43,843 00	43,843 00
	Professional fees		644 02	644 02
	Telephone Telex & Fax		437 92	437 92
	Debt Collection		3,973 89	3,973 89
	Stationery & Postage		836 57	836 57
	Storage Costs		146 92	146 92
	Statutory Advertising		223 09	223 09
	Rents Payable		2,643 35	2,643 35
	Other Property Expenses		468 15	468 15
	Insurance of Assets		6,083 99	6,083 99
	Bank Charges		575 52	575 52
4,395,917	Unsecured Creditors			
		110,138 19	275,811 28	385,949 47
	Balance	0 00	94,387 46	94,387 46
	MADE UP AS FOLLOWS			
	Vat Receivable			711 24
	Floating Current Account			93,616 22
				94,327 46

Appendix B**Commercial Motors (South West) Ltd
(In Administration)****Summary of Receipts & Payments
6 August 2010 to 5 February 2011**

	Total
	£
Receipts	
Brought Forward	444,869 82
Book Debts	33,857 07
Rates Refund	1,610 04
Misc Refunds	25 00
	<u>480,361 93</u>
Payments	
Brought Forward	375,802 34
Legal fees	4,860 00
Bank Charges	60 26
Debt Collection	3,973 89
Professional fees	644 02
VAT (refund due to HMRC)	316 44
Rents	317 52
	<u>385,974.47</u>
Balance In Hand	<u><u>94,387.46</u></u>
 MADE UP AS FOLLOWS	
Vat Receivable	771 24
Floating Current Account	93,616 22
	<u><u>94,387 46</u></u>

APPENDIX C

INTRODUCTION

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

AN OVERVIEW OF THE CASE

Further details on matters undertaken are specified in the attached annual report

These have primarily involved dealing with the realisation of assets, complying with statutory reporting requirements, and dealing with creditors queries

EXPLANATION OF GRANT THORNTON CHARGING AND DISBURSEMENT RECOVERY POLICIES

Time costs

All partners and staff are charged out at hourly rates appropriate to their grade, as shown in the schedule below

Grade	06-Feb-09 to 30-June-09	1-July-09 to 30-June-10	1-July-10 to Date
Partner	480	510	535
Manager	260 to 365	275 to 385	285 to 405
Senior Staff	215 to 235	230 to 250	240 to 260
Administrators	140 to 180	140 to 190	145 to 195

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

Disbursements

Out of pocket expenses are charged at cost. Mileage is charged at standard rates which comply with Inland Revenue limits or AA recommended rates

Expense Type	£
Travel and Subsistence	1,434.62
Printing and Postage (external)	571.90
Storage costs and couriers	1,126.30
Insolvency Bonding	264.00
Total	3,396.82

No expenses have been drawn yet

NARRATIVE DESCRIPTION OF WORK CARRIED OUT

Full details of the work carried out in the period since I was appointed are set out in the attached report.

The grades of staff used have been appropriate to the task carried out, for example dealing with creditors queries and statutory reporting has been done by an administrator, complex asset realisations has involved more senior staff, including the partners as required

TIME AND CHARGE-OUT SUMMARIES

A table of time spent and charge-out rates used since 6 February 2009 is shown above

CATEGORY 2 DISBURSEMENTS

Disbursements which are not amenable to precise attribution to individual cases, namely land line telephone and fax calls, postage, stationery and photocopying are charged to creditor voluntary liquidation's at £5 58 per creditor, £3 10 per shareholder and £2 79 per debtor Where a room is booked at a Grant Thornton office for a meeting of creditors or of a creditors' committee, a charge of £65 is made VAT is added to disbursement charges as necessary

No Category 2 disbursements have been paid during the period covered by this report

SUPPORTING DOCUMENTATION

The following documentation is attached as required by SIP 9

- a receipts and payments account for the period 6 February 2009 to 5 February 2011, which is at Appendix A together with a receipts and payments account for the reporting period 6 August 2010 to 5 February 2011 which is at Appendix B,
- a schedule of charge-out rates which have applied during the reporting period (included above),

COMMERCIAL MOTORS (SOUTH WEST) LIMITED - C30203950 - SIP 9 TIME COST ANALYSIS

Job(s) Administration, CPU - Administration

From 6 February 2009 to 11 February 2011

Detailed	Partner			Manager			Executive			Administrator			Total		
	Hrs	£	Avg Hrly Rate	Hrs	£	Avg Hrly Rate	Hrs	£	Avg Hrly Rate	Hrs	£	Avg Hrly Rate	Hrs	£	Avg Hrly Rate
Administration and Planning (incl statutory reporting)	18 50	7,260 00	392 43	183 07	55,000 70	300 44	199 48	37,732 35	189 17	100 97	15,685 00	155 34	502 00	115,678 05	230 43
Chargeholders (incl bank reporting)	2 00	780 00	390 00	68 65	22,982 75	334 78	43 20	8,384 00	194 07	21 90	3,653 50	166 83	135 75	35,800 25	263 72
Investigations and reports on directors	0 00	0 00		42 30	11,939 50	282 26	5 70	1,057 00	185 44	0 25	31 25	125 00	48 25	13,027 75	270 01
Legal	0 00	0 00		10 00	3,075 00	307 50	2 00	410 50	205 25	8 30	1,253 00	150 96	20 30	4,738 50	233 42
Preferential Creditors	0 00	0 00		21 55	7,838 00	363 71	60 15	11,335 25	188 45	9 50	1,152 50	121 32	91 20	20,325 75	222 87
Realisation of Assets, Debtors	0 20	85 00	425 00	49 10	16,207 00	330 08	29 55	5,876 25	198 86	0 00	0 00		78 85	22,168 25	281 14
Realisation of Assets Other assets	0 00	0 00		86 15	26,681 25	309 71	0 15	30 75	205 00	0 00	0 00		86 30	26,712 00	309 52
Realisation of Assets: Property plant vehicles etc (incl HP leasing and third party)	0 00	0 00		83 50	24,899 00	298 19	62 45	12,030 25	192 64	10 90	1,774 50	162 80	156 85	38,703 75	246 76
Realisation of Assets Stock and WIP (incl BOT)	0 00	0 00		18 00	5,630 00	312 78	84 55	15,651 75	185 12	0 90	168 50	187 22	103 45	21,450 25	207 35
Sale of business	9 00	3,510 00	390 00	141 33	44,218 00	312 87	13 15	2,476 25	188 31	0 00	0 00		163 48	50,204 25	307 10
Trading	0 00	0 00		0 00	0 00		0 75	153 75	205 00	0 40	50 00	125 00	1 15	203 75	177 17
Unsecured Creditors	0 30	127 50	425 00	21 20	6,531 00	308 07	47 50	9,083 50	191 23	9 75	1,436 75	147 36	78 75	17,178 75	218 14
Total	30 00	11,762 50	392 08	724 85	225,002 20	310 41	548 61	104,221 60	189 97	162 87	25,205 00	154 76	1,466 33	366,191 30	249 73

Total fees billed to date (Time) : £ 153,048