

The Insolvency Act 1986

**Administrator's progress report**

Name of Company CM Realisations Limited	Company number 05104703
In the High Court of Justice, Chancery Division, Companies Court (full name of court)	Court case number 9109 of 2015

We

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AlixPartners  
The Zenith Building  
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Manchester  
M2 1AB

B J Browne  
AlixPartners  
Cornerstone  
107 West Regent Street  
Glasgow  
G2 2BA

P M Saville  
AlixPartners  
6 New Street Square  
London  
EC4A 3BF

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

From

23 May 2016

To

23 September 2016

Signed



Administrator

Dated

11 October 2016

**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

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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



Glasgow, Scotland

# Administrators' Final Progress Report for the period 23 May 2016 to 23 September 2016

CM Realisations Limited  
(formerly Carmichaels (KC) Limited)  
In Administration

10 October 2016

## Contents

1	Why this report has been prepared	1
2	Summary of information for creditors	2
3	Administrators' proposals	3
4	Progress of the Administration	4
5	Unrealised assets	6
6	Investigations	7
7	Outcome for creditors	8
8	What happens next	9

## Appendices

Appendix A	Group structure
Appendix B	Statutory information
Appendix C	Receipts and Payments Account for the period 23 May 2016 to 23 September 2016 and a Cumulative Account for the period since appointment
Appendix D	Administrators' fees and pre-administration costs
Appendix E	Administrators' expenses and disbursements
Appendix F	Additional information in relation to the Administrators' fees

## 1 Why this report has been prepared

1 1 As you will be aware, Peter Saville, Benjamin Browne and Anne O'Keefe (the **Administrators**) were appointed on 23 November 2015

1 2 The Administrators were also appointed over nine other companies as detailed below. These, together with the Company, form the group (the **Group**)

Entity names	Entity acronym
Parabis Management Limited	PML
Parabis Group Limited	PGL
Parabis Limited	Limited
Parabis Law LLP	LLP
Woodfield Consultancy Services (UK) Limited	Woodfield
ARL Realisations Limited (formerly Argent Rehabilitation Limited)	ARL
Parabis Holdings Limited	Holdings
AAI Realisations Limited (formerly Argent Adjusting and Investigations Limited)	AAI
Argent Risk Management Solutions Limited	ARMS

1 3 In accordance with UK insolvency legislation, an administrator is required to provide a progress report covering the period of six months commencing on the date on which a company entered into administration and every subsequent period of six months, or earlier if the administration has been finalised

1 4 This progress report covers the period 23 May 2016 to 23 September 2016 (the **Period**) and should be read in conjunction with the Administrators' Disclosure Report pursuant to Statement of Insolvency Practice 16, dated 30 November 2015, the Administrators' Statement of Proposals, dated 17 December 2015 (the **Proposals**) and the Administrators' Progress Report covering the period ended 22 May 2016, dated 17 June 2016 (together the **Previous Reports**)

1 5 This report has been prepared in accordance with rule 2.110 of the Insolvency Rules 1986 and does not span a full six month period

1 6 The purpose of this report is to provide a final update on the progress of the Administration, including details of assets realised during the Period, the assets yet to be realised, details regarding the Administrators' fees and the outcome for each class of creditor. For details of the exit route please see section 8

1 7 Details of the Administrators' fees and disbursements incurred are detailed at Appendices D to F

1 8 More information relating to the Administration process, Administrators' fees and creditors' rights can be found on AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.com>). Log-in details to access this information can be found within the covering letter you have received

1 9 If you require a hard copy of this report or have any queries in relation to its contents or the Administration generally, please contact the Parabis team on 0161 838 4593, by email at [parabis-inadministration@alixpartners.com](mailto:parabis-inadministration@alixpartners.com), or write to AlixPartners' offices at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB

## 2 Summary of information for creditors

### Dividend distributions

Description	Estimated debt £	Likely level of return pence/£
Unsecured creditors		
Third party creditors	4.2 million	8 pence in the pound
Inter-company creditors	0.6 million	8 pence in the pound

### Notes:

The Company does not have any secured creditors

The Company had no employees therefore there are no preferential creditors

The estimated debt owed to the unsecured creditors has been taken from the director's Statement of Affairs (**SoA**), which includes the Group's joint and several VAT liability, as detailed in Previous Reports

As the Company has not granted any floating charges, there is no requirement to create an Unsecured Creditors' Fund, as detailed in paragraph 7.4. This, together with there being no preferential creditors, results in all monies after costs becoming available to unsecured creditors

Based on current information, the Administrators estimate that approximately £377,000 will be available for unsecured creditors, resulting in a dividend rate of eight pence in the pound

In respect of unsecured creditors, UK insolvency legislation stipulates that creditors of the same class should be treated equally. Hence the funds available for distribution are split on a pro-rata basis amongst all creditors of each class, regardless of the size of their claims

Funds available for distribution and dividend rates are detailed before taking into account the estimated costs of making the distribution, and the likely levels of return are estimated and subject to change. Claims received to date are held on file and any distributions will be completed by the Liquidators once appointed

For further information please refer to section 7 of this report

### **3 Administrators' proposals**

- 3 1 As a reminder, an administrator of a company must perform their functions with a view to achieving one of the following objectives

- Objective 1 rescuing the company as a going concern,
- Objective 2 achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
- Objective 3 realising property in order to make a distribution to one or more secured or preferential creditors

- 3 2 In this case the Administrators pursued the second statutory objective. The strategy for achieving this objective was to complete a pre-packed sale of elements of the Group's business which resulted in greater realisations than would have been achieved were the sale to have been completed on a break-up basis, in the event of the Company being wound-up.

- 3 3 The objective has been achieved as the sale has completed as detailed in Previous Reports. The Company will now move into Creditors' Voluntary Liquidation (CVL) in order to declare and distribute a dividend to the Company's creditors, once asset realisations are complete. For further information, please refer to section 5 of this report.

## 4 Progress of the Administration

- 4.1 Attached at Appendix C is the Administrators' Receipts and Payments Account for the Period, together with a Cumulative Account for the period since appointment, prepared on a cash basis. Costs incurred but not yet paid are detailed at Appendix E.
- 4.2 In addition to their statutory objective, the Administrators have duties imposed by insolvency and other legislation and their regulating professional bodies. The Administrators have set out information in respect of the progress of these duties in addition to that of the realisation of assets and distribution of available funds. The detail provided is intended to provide users of this report with information to allow them to understand how the Administrators' fees and expenses as set out in Appendices D and E have been incurred.

### Administration (including statutory reporting)

- 4.3 The Administrators must comply with certain statutory compliance matters in accordance with the Insolvency Act 1986. These include notifying the stakeholders of the appointment, preparing bi-annual reports to creditors advising of the progress of the Administration, and holding meetings with creditors. The Administrators are also responsible for liaising with HM Revenue and Customs to determine the final position in respect of corporation tax, VAT and other taxes that may be owed by or to the Company, and for filing tax returns for the duration of the Administration.
- 4.4 In order to ensure the matters of the Administration are being progressed sufficiently, the Administrators have a duty to conduct periodic case reviews and complete case checklists. In addition, the Administrators' treasury function will also comply with cash accounting requirements including raising payments, processing journal vouchers and posting receipts, preparing bank reconciliations and statutory returns.
- 4.5 The time taken for statutory tasks is largely fixed, insofar as the cost of preparing a report to creditors or filing an annual return is similar for most cases, except where cases are very large or complex. Where the costs of statutory compliance and reporting to creditors exceeds the initial estimate, it will generally be because the duration of the case has been longer than expected, due to, for example, protracted realisation of assets, and therefore additional periodic reports have had to be prepared and distributed to stakeholders.

### Realisation of assets

#### Sale consideration

- 4.6 As detailed in Previous Reports, on appointment, the Administrators completed a pre-packaged sale of the Company's business to Davies Group Limited. Allocation of the sale consideration is summarised below:

Purchaser	Asset	£
Davies Group Limited	Debtors	100,000
	Work in progress	80,000
	Intellectual property	1
	Customer records	1
	Goodwill	1
	Specified contracts	1
	<b>Total</b>	<b>180,004</b>

- 4 7 The sale consideration has been received in full

#### **Transitional Services Agreement (TSA)**

- 4 8 As previously reported, in order to facilitate the sales of the Group's businesses, it was agreed that all parties, including the Company, would enter into a TSA whereby central management services would continue to be provided to the purchasers, as required, for a specified period. The recipients of TSA services received a range of IT, finance, HR, payroll and facilities services in order to effectively transition the businesses to the respective purchasers.
- 4 9 The time costs incurred by the Administrators and their staff related to dealing with suppliers, preparing trade budgets and cashflows, as well as the processing of payments and posting of receipts across the Group, as detailed at Appendix D. The TSA concluded on 30 June 2016 and it is not anticipated that further time costs will be incurred in this regard.
- 4 10 Further details of the TSA process can be found in Previous Reports.

#### **Cash at bank**

- 4 11 The amount of £270,339 has been collected in relation to funds held in the Company's pre-appointment bank account. No further realisations are expected from this source.

#### **Nominal receipts**

- 4 12 Bank interest of £112 has been received in the Period and cumulative interest for the period since appointment totals £177.

#### **The Creditors (claims and distribution)**

- 4 13 Details of the anticipated outcome for creditors can be found in section 7.

## 5 Unrealised assets

### Intercompany receivables

- 5 1 The Company is owed £480,066 and £2,382 from AAI and LLP, respectively, in accordance with the SoA, which rank as unsecured claims in the Administrations of both entities
- 5 2 As detailed in Previous Reports, the Company is not party to the Intercreditor Agreement dated 21 December 2011, subsequently amended on 22 June 2015. As a result, any distributions received from Group entities will be retained by the Company for the benefit of its unsecured creditors
- 5 3 It is currently anticipated that both AAI and LLP will declare unsecured creditor distributions of one pence in the pound, from which CM will receive dividend awards totalling £4,825. The timing of distributions are dependent upon completion of asset realisations in AAI and LLP, and are therefore uncertain at this stage
- 5 4 Due to the structure and flow of intercompany dividends across the Group, the Administrators do not anticipate that funds will be received prior to the current end date of the Administration, being 22 November 2016
- 5 5 In order to minimise time costs and reporting requirements in the interim, the Administrators will place the Company into CVL. Once complete, reporting requirements will be reduced to an annual basis and the office holders will not be required to submit any applications to extend their term of office. Further information on the CVL appointment process can be found in section 8 of this report.
- 5 6 Upon receipt of dividend payments from AAI and LLP, the Liquidators will adjudicate the Company's unsecured claims and subsequently declare a dividend to its unsecured creditors. For further information, please refer to section 7 of this report.

## **6 Investigations**

- 6.1 The Administrators conducted investigations into the conduct of the directors and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administrations and Insolvent Liquidations. Based upon the outcome of the Administrators' investigations, there were no matters identified that required further action.

## **7 Outcome for creditors**

### **Secured creditors**

- 7.1 The Company does not have any secured creditors

### **Preferential creditors**

- 7.2 The Company had no employees therefore no preferential claims have been received

### **Unsecured creditors**

- 7.3 According to the director's SoA, unsecured creditors total £4.8 million, of which £4.2 million relates to third party creditor balances and £0.6 million relates to inter-company creditors
- 7.4 Where a floating charge is created on or after 15 September 2003, the Administrators would be required to create a fund from the Company's net property for unsecured creditors (**Unsecured Creditors' Fund**), commonly known as the 'Prescribed Part'. No such charge was created, therefore, an Unsecured Creditors' Fund is not applicable in this instance
- 7.5 Accordingly, all monies remaining after costs will be available to the Company's unsecured creditors. Based on current information, the Administrators estimate that funds available will be approximately £377,000, resulting in a dividend of eight pence in the pound
- 7.6 As detailed in section 5, the quantum and timing of a dividend to unsecured creditors is dependent upon receipt of intercompany dividends from AAI and LLP. The adjudication of unsecured creditor claims and the declaration of the dividend distribution will be completed in the Liquidation

## 8 What happens next

### Exit route

#### Creditors voluntary liquidation

- 8.1 As a dividend is available to unsecured creditors, the Administrators will file a notice at the Registrar of Companies, together with this report, in order for the Administration to cease and the Company to automatically move into CVL. Copies of these documents will also be sent to the Company and its creditors. The Administrators' appointment will end following the registration of the notice by the Registrar of Companies. In accordance with the Proposals, the Administrators will become the Liquidators of the Company on this date. Any act required or authorised by the Liquidators may be done by any or all of them, and the basis of their fees approved by creditors in the Administration will also apply to the CVL.

#### Creditors' rights

- 8.2 Within 21 days of the receipt of the report, an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors), may request in writing that the Administrators provide further information about their fees or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 8.3 Any unsecured creditor (with the agreement of at least 10% of the value of all unsecured creditors), may, within eight weeks of receipt of this progress report, make an application to court on the grounds that the basis fixed for the Administrators' fees is inappropriate, or that the fees or the expenses incurred by the Administrators as set out in this progress report are excessive.

For and on behalf of  
CM Realisations Limited

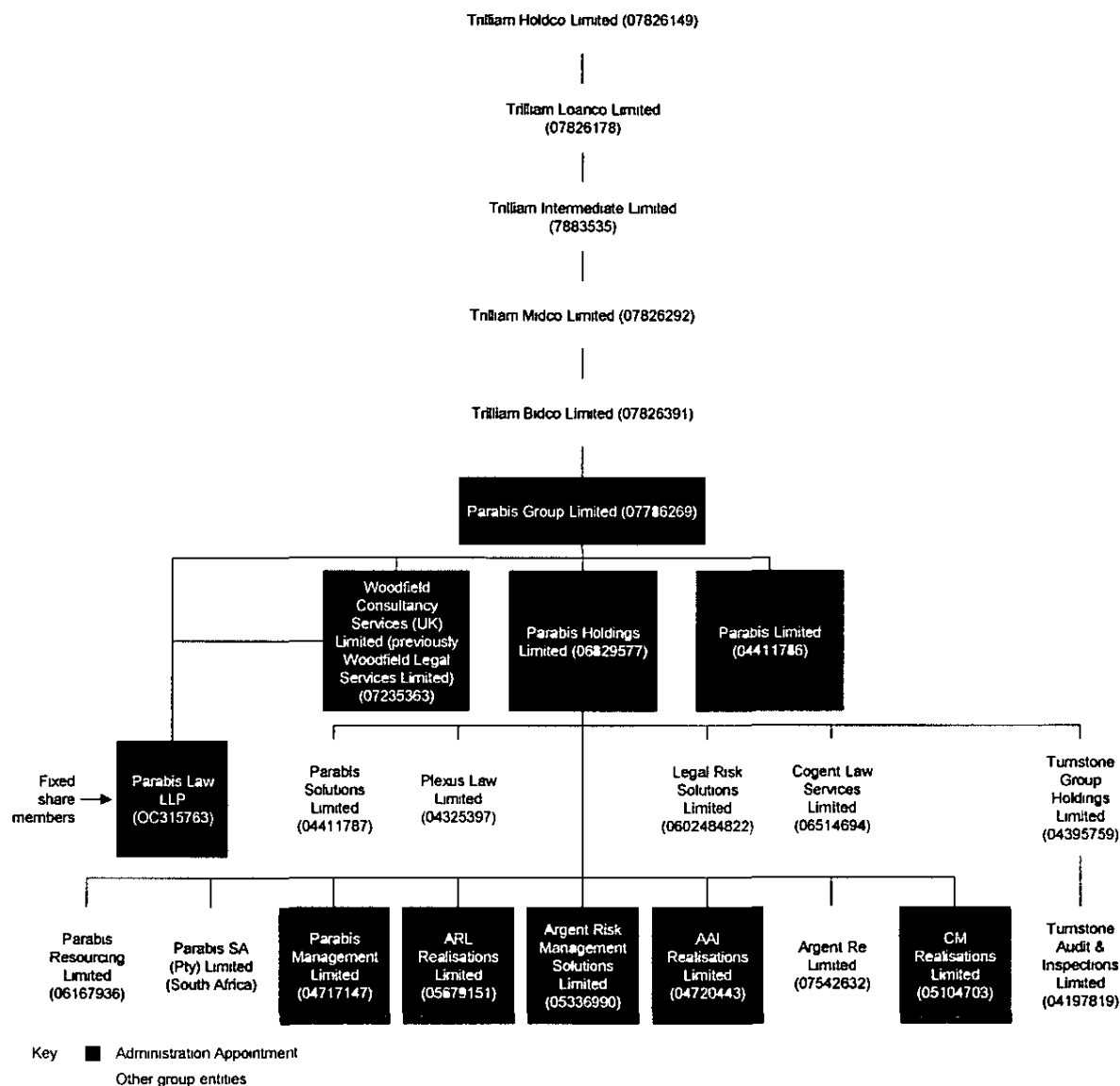


**Elizabeth Mackay**

For and on behalf of Anne O'Keefe, Administrator

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## Appendix A. Group structure



## Appendix B. Statutory information

### Company information

Company name	CM Realisations Limited (formerly Carmichaels (KC) Limited)
Registered number	05104703
Registered office	c/o AlixPartners, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Former registered office	Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA
Trading address	Offices nationwide
Trading name	Argent Property Adjusters
Court details	High Court of Justice, Chancery Division, Companies Court
Court reference	CR-2015-9109

### Appointor's information

Name	Address	Position
Jason Powell	c/o Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA	Director

### Administrators' information

Name	Address	IP number	Name of authorising body
Peter Mark Saville	AlixPartners, 6 New Street Square, London, EC4A 3AT	009029	Insolvency Practitioners Association
Benjamin James Browne	AlixPartners, Cornerstone, 107 West Regent Street, Glasgow, G2 2BA	014190	Insolvency Practitioners Association
Anne Clare O'Keefe	AlixPartners, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	008375	Insolvency Practitioners Association

In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Administrators are to be exercised by any or all of the Administrators. All references to the Administrators should be read as the Joint Administrators.

**Appendix C. Receipts and Payments Account for the period  
23 May 2016 to 23 September 2016 and a  
Cumulative Account for the period since appointment**

Statement of Affairs £		Period £	Cumulative £
	<b>Uncharged assets</b>		
	Receipts		
	Customer records	-	1
	Specified contracts	-	1
100,002	Debtors	-	100,000
80,000	WIP	-	80,000
	Cash at bank	-	270,339
1	Intellectual property	-	1
1	Goodwill	-	1
	Bank interest	112	177
		<b>112</b>	<b>450,520</b>
	<b>Payments</b>		
	Pre-administration costs		
	Administrators' fees	11,761	11,761
	Agents'/valuers' fees	-	429
	Administrators' fees	60,999	60,999
	Category 1 disbursements		
	Statutory advertising	-	196
	Stationery and postage	43	87
	Specific penalty bond	225	225
	Category 2 disbursements		
	Internal printing and photocopying	132	132
	Stamp duty	-	750
	Insurance of assets	252	252
	Bank charges	-	3
		<b>(73,412)</b>	<b>(74,834)</b>
	<b>Total balance</b>	<b>(73,300)</b>	<b>375,686</b>
	<b>Represented by</b>		
	Interest bearing account		361,054
	VAT receivable		14,632
			<b>375,686</b>

## Appendix D. Administrators' fees and pre-administration costs

### Fees

A copy of 'A Creditors' Guide to Administrations' can be downloaded from AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.com>) If you would prefer this to be sent to you in hard copy please contact the Administrators and they will forward a copy to you

Approval of the Administrators' fees was sought at the first meeting of creditors held on 11 January 2016 at the offices of AlixPartners, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB At the meeting, the creditors approved that the basis of the Administrators' time costs be fixed by reference to the time properly spent by the Administrators and their staff on matters arising in the Administration

### Administrators' fee estimate

The fee estimate was originally provided when the basis of the Administrators' fees was approved A copy of that estimate of the anticipated amount of work and the costs associated with it is set out below

Activity category	Hours anticipated	Blended rate per hour £	Anticipated cost £
Asset realisation	4	428	1,714
Trading (TSA)	15	336	5,050
Statutory compliance	75	248	18,590
Investigations	12	262	3,150
Agreement of claims and distribution of funds	72	313	22,495
<b>Total</b>	<b>178</b>	<b>286</b>	<b>50,999</b>

The above estimate was based on information available to the Administrators at the time the approval of their fee basis was sought

In addition to the above, a fee uplift of £10,000 was approved by the Company's creditors on 6 July 2016, bringing total approved fees to £60,999 This cost has been settled in full and is reflected in the Receipts and Payments Account at Appendix C

### Administrators' details of time spent to date

The Administrators' time costs for the Period are £27,938 This represents 79 hours at an average rate of £355 per hour Detailed below is a Time Analysis for the Period which provides details of the costs incurred by area of activity

Activity category	Hours incurred	Average rate per hour £	Time cost for the Period £	Cumulative time cost £
Trading	4.6	350	1,610	3,425
Asset realisation	3.2	222	709	8,170
Administration (including statutory reporting)	68.0	362	24,583	67,218
Investigations	-	-	-	1,779
Creditors (claims and distribution)	2.9	357	1,036	1,460
<b>Total</b>	<b>78.7</b>	<b>355</b>	<b>27,938</b>	<b>82,053</b>

Details of the progress of the Administration to date, and matters that are outstanding or partially complete, together with an explanation of why the work was undertaken are set out in sections 3, 4 and 5 of this report.

### Pre-administration costs

Pre-administration fees charged and expenses incurred by AlixPartners are as follows

Charged by	Brief description of services provided	Total amount charged £	Amount paid £	Amount unpaid £
The Administrators	Marketing of CM and negotiation of the sale to Davies	32,199	11,761	20,438
The Administrators	Disbursements	69	-	69
Colliers	Valuation of leases	278	278	-
Hilco	Valuation of tangible assets	151	151	-
	<b>Total</b>	<b>32,697</b>	<b>12,190</b>	<b>20,507</b>

The Administrators disclosed the entirety of their pre-administration fees and expenses in the Proposals and approval to draw these costs was obtained at the first meeting of creditors on 11 January 2016. The unpaid costs will be drawn in due course.

## Appendix E. Administrators' expenses and disbursements

### Expenses of the Administration

The estimate of expenses anticipated to be incurred by the Administrators from third parties whilst dealing with the Administration was provided to creditors in the Proposals, a copy of that estimate is set out below

	Anticipated cost £
Legal costs	22,500
Insurance cost	175
Bank charges	500
<b>Total</b>	<b>23,175</b>

### Current position of Administrators' expenses

An analysis of the costs paid to date is provided below, together with those incurred but not yet paid in the Period

	Paid in prior period £	Paid in the period £	Incurred but not paid £	Total anticipated cost £
Agent's/valuer's fees	429	Nil	Nil	429
Legal fees	Nil	Nil	5,000	5,000
<b>Total</b>	<b>429</b>	<b>Nil</b>	<b>5,000</b>	<b>5,429</b>

Please note that the level of legal fees is an estimate based on current information. The actual cost will be agreed and paid in the Liquidation, and an update will be provided in the Liquidators' next report

### Administrators' disbursements

A copy of the analysis of anticipated disbursements previously provided is set out below. The actual expenses may be found in the receipts and payments account in Appendix B

Category 1 disbursements	Anticipated cost £
Specific penalty bond	225
Statutory advertising	170
Storage	83
Stationery and postage	100
Telephone charges	1,000
<b>Total</b>	<b>1,578</b>

Category 1 disbursements of £508 have been drawn on account. Approval to draw category 2 disbursements was given at the first meeting of creditors held on 11 January 2016 and £132 has been drawn on account.

## **Appendix F. Additional information in relation to the Administrators' fees**

### **Policy**

Detailed below is AlixPartners's policy in relation to

- staff allocation and the use of sub-contractors,
- professional advisors, and
- disbursements

### **Staff allocation and the use of sub-contractors**

The Administrators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The case team will usually consist of a managing director or director, a vice president or senior associate, an associate and an analyst. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Administrators' charge-out rate schedule overleaf provides details of all grades of staff.

With regard to support staff, time spent by their treasury department in relation to tasks such as recording transactions and dealing with bank accounts is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The Administrators have not utilised the services of any sub-contractors in this case.

### **Professional advisors**

On this assignment the Administrators have used the professional advisors listed below. The Administrators have also indicated the basis of their fee arrangement with them, which is subject to review on a regular basis.

<b>Name of professional advisor</b>	<b>Basis of fee arrangement</b>
Willis Towers Watson Limited (insurance)	Risk based premium
Colliers International (valuation and disposal advice)	Fixed fee
Hogan Lovells LLP (legal advice)	Hourly rate and disbursements
Hilco Capital Limited (valuation and disposal advice)	Fixed fee

The Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them.

### **Disbursements**

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case, eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Any properly reimbursed expenses incurred by the Administrators and their staff will also be chargeable.

Category 2 disbursements do require approval prior to being paid and will be drawn in accordance with the approval given, they may include

- photocopying – charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying,
- printing – charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour, and
- business mileage for staff travel - charged at the rate of 45 pence per mile

### Charge-out rates

A schedule of AlixPartners' hourly charge-out rates for this assignment effective from 1 February 2016 is detailed below. Time is charged by managing directors and case staff in units of six minutes.

Description £	Rates from 1 February 2016
Managing director 1	490
Managing director 2	450
Director	430
Vice President*	370
Senior associate	295
Associate	260
Analyst	240
Junior analyst	150
Senior treasury associate	170
Treasury associate	110
Treasury analyst	85
Support	85

\*As a result of a project to consolidate the staffing grades of AlixPartners Services UK LLP with the wider AlixPartners firm, the Associate Director grade has been retitled as Vice President. No changes have been made to the rates charged per grade as a result of this project.