

Form 1.3

Rule 1.26/1.54

The Insolvency Act 1986

Notice to Registrar of Companies of
Supervisor's Progress Report**R.1.26A(4)(a)/
R.1.54****Pursuant to Rule 1.26A(4)(a) or
Rule 1.54 of the Insolvency Rules
1986**

To the Registrar of Companies

For Official Use

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Company Number

05109923

(a) Insert full name of

Name of Company

KNB Contracts Limited

(b) Insert full name and
Address

I/We Ravi Semb
009715
Begbies Traynor (Central) LLP
2 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

John A Lowe
009513
Begbies Traynor (Central) LLP
2 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

(c) Insert date

supervisors of a voluntary arrangement taking effect on

(c) 17 January 2011,

Attach our progress report for the period
from

(c) 17 January 2011

to

(c) 16 January 2012

Number of continuation sheets (if any) attached _____

Signed



Date 24.1.2012

Presenter's name, address
and reference

KN006CVA
Begbies Traynor (Central) LLP
2 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

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Liquidation Section

Post Room

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COMPANIES HOUSE

No: 1291 of 2010

Ravi Sembu and John A Lowe appointed joint supervisors on 17 January 2011

KNB Contracts Limited (Company Voluntary Arrangement)

Joint Supervisors' Progress Report pursuant to Rule
1.26A of The Insolvency Rules 1986

Period: 17 January 2011 to 16 January 2012

Important Notice

This progress report has been produced by the supervisors solely to comply with their statutory duty to report to creditors on the progress of the Voluntary Arrangement. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them or by any other person for any purpose whatsoever.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	KNB Contracts Limited (Under a Voluntary Arrangement)
"the Supervisors"	Ravi Sembri and John Lowe both of Begbies Traynor (Central) LLP, 2 Merus Court, Meridian Business Park, Leicester, LE19 1RJ
"the Arrangement"	The terms of the Proposal, Standard Conditions and any modifications (and/or variations) agreed by the Company's creditors
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)

2. RELEVANT INFORMATION

Name of Company	KNB Contracts Limited
Trading name(s)	N/A
Date of Incorporation	23 April 2004
Company registered number	05109923
Company registered office	15 Foxglove Road, East Hamilton, Leicester, LE5 1TD
Commencement date of the Arrangement	17 January 2011
Duration of the Arrangement	5 Years
Main provisions of the Arrangement	<ul style="list-style-type: none">- Minimum contributions of £1,250 per month- Maximum arrangement time of 63 months- Minimum dividend of 55p/£- Directors loan account excluded for dividend purposes
Variations to the Arrangement since approval	No variation to the arrangement since approval
Dividend(s) paid to creditors	First dividend cheque enclosed

Anticipated dividend(s)

Subject to the terms of the arrangement we estimate that there will be a minimum dividend of 55p/£ issued to creditors over the course of the arrangement

3. INTRODUCTION

Pursuant to Rule 1 26A(6) of the Rules, the Supervisors are required to send the Company, its creditors (bound by the Arrangement) and its members an abstract of receipts and payments which shows all receipts and payments of money whilst the Supervisors have been acting as supervisors of the Arrangement

In addition to accounting for the receipts and payments, Rule 1 26A requires the Supervisors to report on the progress of the Arrangement and the prospects for its full implementation

This is the Supervisors' first annual report, which should be read in conjunction with the Proposal of the directors and accompanying documents approved at the meeting of creditors

4. ABSTRACT OF RECEIPTS AND PAYMENTS

Please find at Appendix 1 an abstract which shows the receipts and payments during the period of this report

Receipts

Contributions

In accordance with the terms of the arrangement the sum of £15,000 has been received to date through monthly contributions of £1,250

Payments

Legal Fees

The sum of £50 plus VAT was paid to 11SB for attending to the hearing in respect of the winding up petition

5. PROGRESS DURING THE PERIOD OF THIS REPORT

Set out below are details of the progress that has been made during the period of this report

You will recall that the terms of the Arrangement as modified provided for the following

Voluntary contributions of £1,250/month – The Company has met it's obligation in this respect and the sum of £15,000 has been received in contributions over the course of the last 12 months

Review of trading performance – The Company is working for one main customer in Saudi Arabia and the director has based himself there to oversee the project, monthly turnover figures have been provided to us and the accountant which indicate that sales are in line with forecast Detailed management accounts have not been prepared on a regular basis however we are advised that overheads and costs remain in line with historic levels and with the forecast

The director has advised that he will be returning to the UK soon to finalise his annual accounts in conjunction with his accountant Upon receipt of the accounts, we shall conduct a full review and determine if 50% of the excess net profit can be made as an additional contribution Should the position change materially, we shall notify creditors accordingly

Dividends to be issued annually on 31 January – The proposals estimated that an interim dividend of £5,000 will be issued on 31 January 2012 Enclosed with this report is the first interim dividend

Overdue accounts and returns – all statutory accounts and returns overdue at the date of the creditors meeting were to be provided to HMRC within 3 months. To the best of our knowledge the Company has met this requirement.

Post approval returns and liabilities - The arrangement states that all returns and payments due to HMRC following approval are to be provided within the prescribed statutory time limits. To the best of our knowledge the Company have complied with this to date.

6. PROSPECTS FOR FULL IMPLEMENTATION OF THE ARRANGEMENT

Pursuant to Rule 1.26A of the Insolvency Rules 1986, the joint supervisors consider that the arrangement still has a reasonable prospect of being implemented in full in accordance with the terms of the Proposal and the agreed modifications.

7. ESTIMATED OUTCOME FOR CREDITORS

The total amount owed to creditors at the commencement of the Arrangement was £104,540.48; however, £15,000 is excluded for dividend purposes, being the monies due to the director under his loan account. The Company's accountants have also withdrawn their claim of £2,937.50 as they continue to provide accountancy and support services to the Company. This leaves HMRC as the sole creditor with an estimated claim of £86,602.98. We are still in the process of agreeing this claim.

On the basis of sums received to date and estimated future receipts, the Supervisors still estimate a minimum outcome for creditors in total of 55p/£.

8. REMUNERATION & DISBURSEMENTS

We should advise that the sum of £5,000 plus VAT has been drawn as the Nominees fee.

The Supervisors' remuneration has been fixed by reference to the time properly given by them (as Supervisors) and the various grades of their staff, calculated at the prevailing hourly charge-out rates of Begbies Traynor (Central) LLP for attending to matters arising in the Arrangement, and they are authorised to draw disbursements, including disbursements for services provided by their firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with their firm's policy, details of which are attached at Appendix 2 of this report.

The Supervisors' time costs for the period from 17 January 2011 to 16 January 2012 amount to £6,106.00, which represents 28 hours at an average rate of £218.07 per hour. An analysis of time costs incurred in this period and prepared in accordance with Statement of Insolvency Practice 9 is attached at Appendix 2, showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type. It is intended that the Time Costs Analysis and the information contained in this report will provide sufficient information to enable the body responsible for the approval of the Supervisors' fees to consider the level of those fees in the context of the case.

The following further information in relation to the Supervisors' time costs and disbursements is set out at Appendix 2:

- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

For the period from 17 January 2011 to 16 January 2012, the Supervisors have drawn the sum of £2,000 plus VAT by way of remuneration plus disbursements of £135 plus VAT.

A copy of Voluntary Arrangements – A Creditors' Guide to Insolvency Practitioners' Fees (2010) can be obtained from the Supervisors' office, on request. Alternatively the guide can be downloaded from our website www.begbies-traynor.com via the "Personal Insolvency" link in the "Quick Links" box on the left hand side of the homepage. From there please follow the "Creditor" link which will take you to the appropriate page where the Guide can be found at the end.

9. OTHER MATTERS

We should advise that prior to our appointment as nominees, we acted in an advisory role to the Company and the sum of £5,000 plus VAT was paid to Begbies Traynor. As required by the guidelines set out by our regulatory authorities this should have been disclosed in either the proposals or the nominees' comments. We apologise for this omission.

10. CONCLUSION

The Supervisors will report again in approximately 12 months time or at the conclusion of the Arrangement, whichever is the sooner.

R S Sembl
Joint Supervisor

Dated 23 January 2012

JOINT SUPERVISORS' ACCOUNT OF RECEIPTS AND PAYMENTS

Period 17 January 2011 to 16 January 2012

JOINT SUPERVISORS' ACCOUNT OF RECEIPTS AND PAYMENTS FOR THE PERIOD FROM 17 JANUARY 2011 TO 16 JANUARY 2012

Statement of Affairs £		From 17/01/2011 to 16/01/2012 £	Estimated Future £	Total £
	RECEIPTS			
75,000	Contributions	15,000	60,000	75,000
<u>75,000</u>		<u>15,000</u>	<u>60,000</u>	<u>75,000</u>
	PAYMENTS			
	Supervisors Fees	2,000	13,000	15,000
	Supervisors Expenses	135	435	570
	Nominees Fees	5,000	-	5,000
	Nominees Expenses	50	-	50
	Legal Fees	50	-	50
	Interim Dividend	5,000	49,330	54,330
		<u>12,235</u>	<u>62,765</u>	<u>75,000</u>
	Balance in Hand	<u>2,765</u>		
	REPRESENTED BY			
	Bank Account	1,318		
	VAT receivable	<u>1,447</u>		
		<u>2,765</u>		

* Receipts and payments are shown net of VAT

JOINT SUPERVISORS' TIME COSTS AND EXPENSES

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred, and
- d Table of time spent and charge-out value for the period from 17 January 2011 to 16 January 2012

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

Where the office holder's remuneration is proposed to be fixed on an additional or alternative basis, sufficient information will be provided to creditors in order to allow them to consider whether to approve the proposed basis or bases of the office holder's remuneration. Following approval further information will be provided to creditors regarding the office holder's fees as required by the legislation and best practice guidance.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm and also where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear in Appendix 3.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed in Appendix 3. This is only applicable to those cases where the office holder is remunerated on a time costs basis.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- ☐ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ☐ *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 per meeting,
- Car mileage is charged at the rate of 45 pence per mile,
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates

- (B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Leicester office as at the date of this report are as follows

	Standard 1 May 2011 – until further notice
	Regional
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

Prior to 1 May 2011, the following rates applied

Grade of staff	Charge-out Rate (£ per hour)
Partner 1	395
Partner 2	350
Director	325
Senior Manager	295
Manager	250
Assistant Manager	195
Senior Administrator	160
Administrator	130
Junior Administrator	100
Support	100

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in 6 minute units

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	KNB Contracts Limited
CASE TYPE	COMPANY VOLUNTARY ARRANGEMENT
OFFICE HOLDERS	Ravi Sembri and John A Lowe
DATE OF APPOINTMENT	17 January 2011

1 CASE OVERVIEW

- 1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

1.2 **Complexity of the case**

This case is relatively straightforward and there is nothing extraordinary for the supervisors to deal with. The director spends the majority of his time overseas project managing the main customers requirements.

1.3 **Exceptional responsibilities**

There were no exceptional responsibilities in this case.

1.4 **The office holders' effectiveness**

We have received voluntary contributions for the first year in line with the proposals of the CVA.

1.5 **Nature and value of property dealt with by the office holders'**

The only realisations are voluntary contributions from trading profits of the Company.

1.6 **Anticipated return to creditors**

As stated in the proposal we estimate creditors will be paid a minimum dividend of a 55p/£. In line with the directors proposal a dividend of £5,000 is enclosed with this report representing a distribution of 5.7p/£.

1.7 **Time costs analysis**

An analysis of time costs incurred between 17 January 2011 and 16 January 2012 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type.

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only.

1.8 **Work undertaken prior to appointment**

In addition to the post appointment time costs detailed, the costs relating to work undertaken by the Nominees prior to approval of the voluntary arrangement were approved by the creditors at the creditors' meeting.

We should advise that prior to our appointment as nominees we acted in an advisory role to the Company and the sum of £5,000 plus VAT was paid to Begbies Traynor. As required by the guidelines set out by our regulatory authorities this should have been disclosed in either the proposals or the nominees' comments. We apologise for this omission.

1.9 **The views of the creditors**

Creditor's queries have been dealt with in an appropriate and timely manner as and when they have arisen.

1 10 Approval of fees

The Supervisors' remuneration has been fixed by reference to the time properly given by them (as Supervisors) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters arising in the Arrangement up to a limit of £15,000 plus VAT

1 11 Approval of Expenses and Disbursements

The supervisors are authorised to draw disbursements of £620 00 plus VAT, including disbursements for services provided by their firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with their firm's policy

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

2 1 Begbies Traynor's policy for charging fees and expenses incurred by office holders is attached at Appendix 2

2 2 The rates charged by the various grades of staff who may work on a case are attached at Appendix 2

3. SUMMARY OF WORK CARRIED OUT SINCE OUR LAST REPORT

3 1 Since the date of our last report, the following work has been carried out

- Ensuring contributions are received on time
- Liaising with accountants and director to ensure the company has submitted any overdue accounts and returns
- Liaising with accountants and ensuring the company has submitted / discharged any post approval returns and liabilities
- Dealing with creditors claims
- Liaising with accountants re trading performance

[illegible]