

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

05645619

(a) Insert full name of

Name of Company

Denka Limited

(b) Insert full name and  
Address

I/We Gerald M Krasner  
005532  
Begbies Traynor (Central) LLP  
4th Floor  
Cathedral Buildings  
Dean Street  
Newcastle upon Tyne  
NE1 1PG

Ian Franses  
002294  
Begbies Traynor (Central) LLP  
24 Conduit Street  
London  
W2 1EP

(c) Insert date

Supervisors of a Voluntary Arrangement taking effect on

(c) 18 June 2014,

Attach our progress report for the period  
from

(c) 18 June 2014

to

(c) 17 June 2015

Number of continuation sheets (if any) attached \_\_\_\_\_

Signed

Date

3/8/15

Presenter's name, address  
and reference

DE189CVA  
Begbies Traynor (Central) LLP  
4th Floor  
Cathedral Buildings  
Dean Street  
Newcastle upon Tyne  
NE1 1PG

For Official Use

Liquidation Section

Post Room

WEDNESDAY



A25

A4D5N1FN

05/08/2015

COMPANIES HOUSE

#33

Gerald M Krasner and Ian Franses appointed Joint Supervisors on 18 June 2014

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## **Denka Limited (Company Voluntary Arrangement)**

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

Period: 18 June 2014 to 17 June 2015

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- 2 Joint Supervisors' time costs and expenses

### 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.

## 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Denka Limited (Under a Voluntary Arrangement)
"the Supervisors"	Gerald M Krasner of, 4th Floor, Cathedral Buildings, Dean Street, Newcastle upon Tyne, NE1 1PG and Ian Franes of Begbies Traynor (Central) LLP, 24 Conduit Street, London, W2 1EP
"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  (ii) 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	Denka Limited
Trading names	None
Date of Incorporation	6 December 2005
Company registered number	05645619
Company registered office	Begbies Traynor (Central) LLP, 4th Floor Cathedral Buildings, Dean Street, Newcastle upon Tyne, NE1 1PG
Commencement date of the Arrangement	18 June 2014

Duration of the Arrangement	4 years
Main provisions of the Arrangement	<ul style="list-style-type: none"> <li>- Distribution of the Administration surplus</li> <li>- Contribution of £100,000 from the Director with reference to the settlement agreement</li> </ul>
Variations to the Arrangement since approval	<ul style="list-style-type: none"> <li>- The Arrangement has been extended to 4 years</li> <li>- Creditors approved the settlement agreement with the Director</li> </ul>
Dividend paid to creditors	A dividend of 10p in the £ was paid on 26 February 2015
Anticipated further dividend	A further interim dividend is anticipated in September 2015 and annually thereafter to completion of the Arrangement

### 3 INTRODUCTION

- 3 1 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
- 3 2 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
- 3 3 This is the Supervisors' first annual report, which should be read in conjunction with the Proposal of the Joint Administrators and accompanying documents approved at the meeting of creditors

### 4. ABSTRACT OF RECEIPTS AND PAYMENTS

- 4 1 Please find at Appendix 1 an abstract which shows the receipts and payments during the period of this report
- 4 2 **RECEIPTS**
- 4 2 1 **Balance from Administration**  
A surplus of £96,353 was transferred from the Administration
- 4 2 3 **Amount due under settlement deed**  
In accordance with the settlement deed signed on 30 January 2015 the first quarterly payment due on 30 April 2015 of £8,333 has been received from the Director
- 4 2 4 **Surplus from Administration**  
Bank interest of £6 accrued to the closure of the Administration has been transferred to the CVA
- 4 2 5 **Bank Interest Gross**  
Bank interest of £13 has been received during the period of this report
- 4 2 6 **Rent Deposit – Watford Premises**  
£4,000 has been recovered from Thor Enterprises Limited in respect of the rent deposit for the Company's premises at Watford

#### 4.3 PAYMENTS

##### 4.3.1 Legal Fees and Expenses

Bond Dickinson LLP received £1,530 plus VAT in respect of the costs of advising on and drafting the settlement agreement with the Director

Devonshires Solicitors received £750 plus VAT in respect of recovery of the rent deposit and completion of the assignment of the Company's lease at Watford premises

## 5. PROGRESS DURING THE PERIOD OF THIS REPORT

5.1 You will recall that the terms of the Arrangement provided for the Supervisors to distribute the surplus funds from the Administration

5.2 During the period of this report the Supervisors, in their capacity as Joint Administrators of the Company, became aware of a number of transactions that required investigation. Following investigation they believed a claim could be made against the Director in respect of these transactions. The Director subsequently proposed settlement of the matter by payment of £100,000 in quarterly instalments of £8,333 commencing 30 April 2015.

5.3 A meeting of Creditors held on 28 January 2015 approved variation of the terms of the arrangement to accept the proposed settlement agreement and extend the Arrangement to four years to facilitate collection and distribution of these additional funds.

5.4 A first interim dividend of 10p in the £ was paid to creditors on 26 February 2015.

## 6. PROSPECTS FOR FULL IMPLEMENTATION OF THE ARRANGEMENT

6.1 The Supervisors anticipate that the Arrangement will be fully implemented in line with the revisions agreed at the meeting of creditors held on 28 January 2015.

## 7. ESTIMATED OUTCOME FOR CREDITORS

7.1 The total amount owed to creditors at the commencement of the Arrangement was estimated at £707,068.

7.2 The Supervisors have agreed claims of £601,262.

7.3 On the basis of sums received to date and estimated future receipts the Supervisors estimate, in line with the terms of the revised Arrangement, an outcome for creditors in total of 27p in the £. They expect to be in a position to pay a further interim dividend of 10p in the £ in September 2015.

## 8. JOINT SUPERVISOR'S REMUNERATION AND DISBURSEMENTS

- 8.1 The Supervisors' remuneration has been fixed at the creditors' meeting held on 18 June 2014 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
- 8.2 They are also 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
- 8.3 The Supervisors' time costs for the period from 18 June 2014 to 17 June 2015 for the Newcastle office amount to £14,663 which represents 71.5 hours at an average rate of £205 per hour
- 8.4 The Supervisors' time costs for the period from 18 June 2014 to 17 June 2015 for the London West office amount to £11,820 which represents 43.80 hours at an average rate of £269.85 per hour
- 8.5 For the period from 18 June 2014 to 17 June 2015 the Supervisors have drawn the sum of £14,000
- 8.6 Disbursements of £10 have been drawn in respect of the Supervisors' fiduciary bond premium paid to Marsh Limited
- 8.7 No Category 2 disbursements have been drawn
- 8.8 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
- 8.9 The following further information in relation to the Supervisors' time costs and disbursements is set out at Appendix 2
- ☐ SIP9 tables of time spent and charge-out value for the period 18 June 2014 to 17 June 2015
  - ☐ Narrative summary of time costs incurred
  - ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
  - ☐ Begbies Traynor (Central) LLP's charge-out rates
- 8.10 A copy of 'Voluntary Arrangements – A Creditors' Guide to Insolvency Practitioners' Fees (E&W) 2011' which provides guidance on creditors' rights can be obtained online at [www.begbies-traynor.com/creditorsguides](http://www.begbies-traynor.com/creditorsguides). Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy

## 9. OTHER RELEVANT INFORMATION

- 9.1 There is no other relevant information

## 10 CONCLUSION

The Supervisors will report again in approximately 1 year's time or at the conclusion of the Arrangement, whichever is the sooner



**Gerald M Krasner**  
Joint Supervisor

Dated 3 August 2015

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# JOINT SUPERVISORS' ACCOUNT OF RECEIPTS AND PAYMENTS

Period 18 June 2014 to 17 June 2015



**Voluntary Arrangement of  
Denka Limited  
To 17/06/2015**

<b>S of A £</b>		<b>£</b>	<b>£</b>
	<b>ASSET REALISATIONS</b>		
	Balance from Administration	96,352 52	
	Amount due under Settlement Deed	8,333 00	
	Surplus from Administration	6 40	
	Bank Interest Gross	5 85	
	Rent Deposit - Watford Premises	4,000 00	
			108,697 77
	<b>COST OF REALISATIONS</b>		
	Joint Supervisor's Fees	12,010 00	
	Joint Administrators' Remuneration	15,172 21	
	Legal Fees & Expenses	2,280 00	
			(29,462 21)
	<b>UNSECURED CREDITORS</b>		
(680,347 21)	Trade & Expense Creditors	NIL	
(19,979 00)	HM Revenue & Customs (Tax-NI)	NIL	
(6,743 00)	HM Revenue & Customs (VAT)	NIL	
	1st Dividend 10p/£ 26/02/15	60,126 23	
			(60,126 23)
	<b>DISTRIBUTIONS</b>		
(126,000 00)	Ordinary Shareholders	NIL	
			NIL
<b>(833,069.21)</b>			<b>19,109 33</b>
	<b>REPRESENTED BY</b>		
	VAT Receivable		2,684 44
	Current 1		17,105 32
	Accrued Creditors		(680 43)
			<b>19,109 33</b>

Note

Ian Franes  
Supervisor

## JOINT SUPERVISORS' TIME COSTS AND EXPENSES

- a SIP9 table of time spent and charge-out value for the period from 18 June 2014 to 17 June 2015,
- b Narrative summary of time costs incurred,
- c Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements, and
- d Begbies Traynor (Central) LLP's charge-out rates



## Denka Limited

8,000

## SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	Denka Limited
CASE TYPE	Company Voluntary Arrangement
OFFICE HOLDERS	Gerald Krasner and Ian Franses
DATE OF APPOINTMENT	18 June 2014

### 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**  
The case has not been unusually complex
- 1.3 **Exceptional responsibilities**  
There have been no exceptional responsibilities
- 1.4 **The office holders' effectiveness**  
The office holders have made an initial distribution to creditors of 10p in the £ and realised additional funds that will allow the estimated total dividend to be 27p in the £ instead of 19p in the £
- 1.5 **Nature and value of property dealt with by the office holders'**  
The nature and value of the property is described in the main body of this report
- 1.6 **Anticipated return to creditors**  
As detailed in the main body of the report the current estimated total dividend available to creditors will be 27p in the £
- 1.7 **Time costs analysis**  
An analysis of time costs incurred between 18 June 2014 and 17 June 2015 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
- 1.9 **The views of the creditors**  
Creditors' views have been sought at a creditors meeting on 28 January 2015
- 1.10 **Approval of fees**  
The Proposals approved by creditors provide that the Supervisors are able to draw remuneration by reference to the time spent by them and their staff (as Supervisors)
- 1.11 **Approval of Expenses and Disbursements**  
The Proposals approved by creditors provide that the Supervisors are able to draw disbursements (including Category 2 disbursements as defined by SIP9)

1 12 **Other professionals employed & their costs**

Bond Dickinson LLP was engaged to advise on and draft the settlement agreement with the Director. They were paid on a time costs basis.

Devonshires Solicitors was engaged to recover the rent deposit due in respect of the lease at Unit 2 Faraday Close, Watford WD18 8SA and completion of its assignment to the buyer, Thor Enterprise Limited. Their fees were fixed at £750 plus VAT.

## **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 guidance<sup>1</sup> requires that such information should be disclosed to those who are responsible for approving remuneration.

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. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance<sup>2</sup> indicates 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 and 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 expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

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

- Car mileage is charged at the rate of 45 pence per mile.

(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

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

<sup>2</sup> Ibid 1

## 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 Newcastle upon Tyne office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour)
	1 May 2011 – until further notice
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.