



Our Ref RXC/ARE/KZF/C00912/9

To the Creditors

4 September 2012

Dear Sirs

TUESDAY



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11/09/2012

#13

COMPANIES HOUSE

**Recovery and Reorganisation**

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**Consolidate Limited - In Liquidation (formerly in Administration)**

**1 INTRODUCTION**

- 1.1. As previously advised Robert Caven and I, John Montague, were appointed as Joint Administrators of Consolidate Limited ("the Company") on 9 September 2010 by the directors of the Company.
- 1.2. I now advise that the Administration is deemed to have ceased on 11 August 2012 following conversion of the Company from Administration to Liquidation. In accordance with terms outlined in the Joint Administrators Proposals, Robert Caven and I were appointed as Joint Liquidators of the Company on 11 August 2012.
- 1.3. I am now in a position to present a final report on the progress of the Administration of the Company. I enclose Form 2.20B(Scot) together with an account of my receipts and payments for the period ended 11 August 2012 in accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986.
- 1.4. 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.

**2 STATUTORY INFORMATION**

2.1. The Company's statutory details are as follows:

Registered number	SC275090
Date of incorporation	22 October 2004
Registered office	c/o Grant Thornton UK LLP 1/4 Atholl Crescent EDINBURGH EH3 8LQ

**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.

Authorised share capital	1,000 A Ordinary Shares 30,250 Preferential Shares
Issued share capital	1,000 A Ordinary Shares 30,250 Preferential Shares
<b>Directors:</b>	<b>Shareholding</b>
William James Beaton Sutherland	300 A Ordinary Shares 24,250 Preference Shares
Paul Burns	300 A Ordinary Shares 2,000 Preference Shares
Gary Craig Miller	300 A Ordinary Shares 2,000 Preference Shares
Francis William Edward Bartlett	100 A Ordinary Shares 2,000 Preference Shares
<b>Secretary</b>	<b>Shareholding</b>
William James Beaton Sutherland	300 A Ordinary Shares 24,250 Preference Shares

### **3 SUMMARY OF ADMINISTRATOR'S PROPOSALS**

- 3.1. The Joint Administrators have pursued the objectives laid out in the creditors proposals dated 2 November 2010, i.e. achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
- 3.2. A meeting of creditors was not convened because we were of the opinion that the Company had insufficient net property to enable a distribution to unsecured creditors other than by virtue of the prescribed part.
- 3.3. It was outlined that the Joint Administrators would become the Liquidators of the Company, should it become appropriate to place the company into Creditors Voluntary Liquidation.

### **4 REPORT AND OUTCOME**

#### **Receipts and Payments Account**

- 4.1. A summary of the Joint Administrators' receipts and payments for the period from 9 September 2010 to 11 August 2012 is attached.

- 4.2. This summary shows fund in hand of £39,552.38 at the date of conversion. These funds have been passed in their entirety to a separate Liquidation bank account under the Joint Liquidator's control.
- 4.3. VAT receivable totalling £1,258.22 will be recovered during the Liquidation of the Company.

### **Asset Realisations**

- 4.4. A sale of the Company's plant, equipment, motor vehicles and stock was completed during the Administration for £200,000. This compares with valuations provided by Thainstones Specials Auctioneers of £471,435 on a going concern basis and £94,310 on a auction or tender sale basis.
- 4.5. As noted previously, the only remaining asset of the Company was book debts. Following a review of the book debt position and extensive dialogue with a number of the debtors, total book debts of £33,750 were realised in the course of the Administration.
- 4.6. The Company does not hold any other realisable assets.

## **5 CREDITORS**

### **Preferential Creditors**

- 5.1. These comprise of:

	£
Arrears of Wages / Holiday Pay	32,940
Pensions	152
	<u>33,092</u>

- 5.2. The wages and holiday pay claims have now been paid in full and the pensions claim will be settled during the Liquidation of the Company.

### **Floating Charge Creditors**

- 5.3. The Company's secured creditors are Royal Bank of Scotland Plc (RBS ) and HSBC Equipment Finance (UK) Ltd (HSBC). Subsequent to the reporting date a final claim has now been received from HSBC. The final claims for RBS and HSBC are as follows:

Creditor	£
RBS	526,242
HSBC	286,613
	<u>812,855</u>

- 5.4. Payment of £130,663.25 was made to the Floating Charge creditors during the period of the Administration. This payment represents their share of the available funds after deduction of the Prescribed Part.

#### **Unsecured Creditors**

- 5.5. The security granted to the Bank post-dates the commencement of the Enterprise Act 2002.
- 5.6. Section 176A of the Insolvency Act 1986 provides that, in these circumstances, a Prescribed Part be set aside for payment to the unsecured creditors.
- 5.7. On the basis of current estimates, we would expect the Prescribed Part to be c.£36,400. We do not anticipate any further funds being available for distribution to the unsecured creditors.
- 5.8. The Prescribed Part will be passed to the Joint Liquidators for distribution to the unsecured creditors.


#### **6 ADMINISTRATORS FEES AND DISBURSEMENTS**

- 6.1. Time costs for the period from 9 September 2010 to 11 August 2012 total £89,975.65, representing 418.85 hours at an average rate of £214.82 per hour.
- 6.2. The basis of our remuneration was set out in our proposals to creditors dated 1 November 2010. This basis was deemed to be approved with effect from 13 November 2010. The Joint Administrators drew an approved fee of £58,388 (excluding VAT) during the course of the Administration.

#### **7 ENDING THE ADMINISTRATION**

- 7.1. In order to adjudicate claims submitted by the unsecured creditors of the Company and distribute a prescribed part to agreed creditors the Joint Administrators acted to move the Company from Administration to Liquidation.
- 7.2. The Administration of the Company ceased on 11 August 2012, the date at which the Registrar of Companies filed Form 2.25B (Scot). The Company is deemed to have entered Creditors Voluntary Liquidation on registration of Form 2.25B (Scot).

Yours faithfully



John Montague  
Joint Liquidator

## Appendix A – Joint Administrators Receipts and Payments Account

### Trading Account

	From 09/03/2012 To 11/08/2012	From 09/09/2010 To 11/08/2012
<b>TRADING EXPENDITURE</b>		
Rents	NIL	3,452.05
Heat & Light	NIL	151.72
Telephone	NIL	33.00
Insurance	NIL	405.83
Hire of Equipment	NIL	589.85
Property Expenses	NIL	1,140.03
PAYE/NI	NIL	3,377.84
		<hr/>
	NIL	(9,150.32)
<b>TRADING SURPLUS/(DEFICIT)</b>	<hr/>	<hr/>
	NIL	(9,150.32)

## Receipts and Payments

	From 09/03/2012 To 11/08/2012	From 09/09/2010 To 11/08/2012
<b>SECURED ASSETS</b>		
Misc Fixed Receipts	NIL	108.70
	NIL	108.70
<b>COSTS OF REALISATION</b>		
Agents/Valuers Fees	NIL	1,400.00
	NIL	(1,400.00)
<b>ASSET REALISATIONS</b>		
Plant & Machinery	NIL	200,000.00
Book Debts	NIL	33,774.00
Cash at Bank	NIL	65,137.09
Misc Float Receipts	NIL	12.88
Bank/ISA InterestGross	49.98	320.94
Misc Refunds	NIL	1,650.42
Trading Surplus/(Deficit)	NIL	(9,150.32)
	49.98	291,745.01
<b>COST OF REALISATIONS</b>		
Specific Bond	NIL	158.00
Administrators Fees	NIL	58,388.00
Administrators Expenses	NIL	112.00
Quantity Surveyors Fees	NIL	116.22
Legal Fees (1)	NIL	5,387.08
Professional Fees	NIL	1,017.22
Debt Collection	NIL	2,750.00
Storage Costs	NIL	110.49
Statutory Advertising	NIL	63.45
Liens	NIL	17,933.72
	NIL	(86,036.18)
<b>PREFERENTIAL CREDITORS</b>		
DE Arrears & Holiday Pay	NIL	22,165.02
Employee Arrears/Hol Pay	NIL	10,775.17
	NIL	(32,940.19)
<b>FLOATING CHARGE CREDITORS</b>		
Floating Charge Creditor	130,663.25	130,663.25
	(130,663.25)	(130,663.25)
	(130,613.27)	40,814.09
<b>REPRESENTED BY</b>		
Vat Receivable		1,258.22
Floating Current Account		39,555.87
		40,814.09

## Appendix B – Time and Cost Analysis as at 11 August 2012

### Charge Out Rates

Remuneration is charged on the basis of the time costs of the insolvency practitioner and his staff.

We set out below our firm's current charge out rates for the periods 1 July 2010 to 30 June 2011, 1 July 2011 to 30 June 2012 and 1 July 2012 to 30 June 2013:

Staff Category	Ave Hourly Rate (£) from 01/07/2010 to 30/06/2011	Ave Hourly Rate (£) from 01/07/2011 to 30/06/2012	Ave Hourly Rate (£) from 01/07/2012 to 30/06/2013
Partner	425	425	440
Associate Director/Director	345 to 395	350 to 395	365 to 410
Assistant Manager/Manager	245 to 280	215 to 285	230 to 295
Administrator/Executive	115 to 190	120 to 195	125 to 195
Support staff	87 to 112	90 to 115	95 to 120

Work is allocated to staff members based upon their experience, grade and the complexity of the task involved.

### Summary of Time Costs Incurred

A summary of our time costs are set out below :

Standard	Partner			Manager			Executive			Administrator			Total		
	Hrs	£	Avg. Hly Rate	Hrs	£	Avg. Hly Rate	Hrs	£	Avg. Hly Rate	Hrs	£	Avg. Hly Rate	Hrs	£	Avg. Hly Rate
Administration and Planning	25.00	9,94.25	397.70	54.30	8,252.50	152.00	48.85	9,284.50	190.00	91.85	11,377.95	123.88	220.05	48,829.20	221.81
Creditors	155	6,02.25	395.00	10.00	5,780.00	578.00	37.25	1,077.50	90.00	81.85	7,436.95	82.63	16.75	20,967.70	125.15
Investigations										100	125.00	125.00	100	125.00	125.00
Realisation of Assets	15.00	6,675.50	445.00	26.40	9,190.00	348.12	23.00	4,370.00	190.00	13.25	1,856.25	140.00	79.55	21,820.75	274.30
Trading							150	285.00	190.00				150	285.00	190.00
<b>Total</b>	<b>43.50</b>	<b>17,202.00</b>	<b>395.45</b>	<b>90.70</b>	<b>14,160.50</b>	<b>156.12</b>	<b>110.60</b>	<b>21,977.00</b>	<b>240.00</b>	<b>105.10</b>	<b>20,598.15</b>	<b>192.51</b>	<b>436.85</b>	<b>89,376.65</b>	<b>204.82</b>

The time costs are split into 5 standard categories. A guide as to what might be included in each category is as follows :

**Administration and planning:** this includes work such as case planning, case reviewing, administrative set-up, appointment notification, maintenance of records, statutory reporting and compliance.

**Creditors:** this includes work such as communication and meetings with creditors, reviewing and adjudicating on creditors preferential and ordinary unsecured claims, corresponding with secured creditors, reviewing security documentation issues and preparing, recording, reviewing and adjudicating on employees' preferential and unsecured claims.

**Investigations:** this includes work such as investigating directors' conduct and antecedent transactions.

**Realisation of assets:** this includes work such as identifying, securing and insuring assets, administering retention of title claims, debt collection, property, business and asset sales for property covered by both fixed and floating charges.

**Trading:** this includes work such as managing operations, planning strategy, preparing and monitoring trading forecasts, accounting for trading and administering any landlord and employee issues

### **Classification of Disbursements**

**Category 1 disbursements:** Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses (excluding business mileage) incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and postage.

Where Category 1 disbursements are paid by the Insolvency Practitioner's firm, these are reimbursed as and when funds are available.

**Category 2 disbursements:** Category 2 disbursements will comprise cost allocations which may arise on some Category 1 disbursements where supplied internally: typically, items such as room hire and document storage. Also typically included will be routine or more specialist copying or printing, and allocated communication costs provided by the practitioner firm. Business mileage is also classed as a category 2 disbursement.

Category 2 disbursements are paid as and when approval is obtained.

### **Use of agents and subcontractors**

Agents and subcontractors are utilised where there is the need for specialist knowledge. Only agents and subcontractors with the appropriate qualifications are employed. Where possible their fees and expenses are agreed in advance.