

The Insolvency Act 1986

Notice of move from administration to dissolution

Name of Company Woodberry Bros & Haines Limited	Company Number 00473915
In the High Court of Justice, Chancery Division, Bristol District Registry (full name of court)	Court case number 448 of 2014


(a) Insert name(s) and address(es) of administrator(s) We (a) Ross David Connock of PricewaterhouseCoopers LLP, 2 Glass Wharf, Bristol, BS2 0FR and David Matthew Hammond of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT

(b) Insert name and address of registered office of company having been appointed administrators of (b) Woodberry Bros & Haines Limited, Benson House, 33 Wellington Street, Leeds, LS1 4JP

(c) Insert date of appointment on (c) 2 July 2014 by (d) Lloyds Bank plc

(d) Insert name of applicant / appointor hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 apply.

We attach a copy of the final progress report.

Signed  _____
 Joint Administrator

Dated: 30 June 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. The contact information that you give will be visible to searchers of the public record

George Hall	
PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP	
	Tel 0113 289 4756
DX Number	DX Exchange

Companies House receipt date barcode

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



Woodberry Bros & Haines Limited – in Administration

High Court of Justice, Chancery Division, Bristol District Registry
Case No. 448 of 2014

Joint Administrators' final progress report for the period 25 May 2016 to 27 June 2016

27 June 2016

www.pwc.co.uk/woodberry

PricewaterhouseCoopers LLP

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Abbreviations that may be used in this report

- “The Company”** – Woodberry Bros & Haines Limited – in administration
“The Administrators” or “We” or “Our” – Ross David Connock and David Matthew Hammond
“The administration” – the administration of Woodberry Bros & Haines Limited
“The Bank” – Lloyds Bank plc
“GVA” – GVA Grimley Limited
“ES” – ES Group Limited
“Commercial Finance” – Lloyds Bank Commercial Finance Limited
“Veritas” – Veritas Commercial Services
“The Premises” – The land and buildings owned by the Company at Commerce Way, Walrow Industrial Estate, Highbridge, Somerset
“IA86” & “IR86” – The Insolvency Act 1986 & The Insolvency Rules 1986
“Sch. B1 IA86” – Schedule B1 of the Insolvency Act 1986
“P&M” – Plant and machinery
“HMRC” – HM Revenue & Customs
“Transport” – Caxton Transport Limited
“Home Delivery” – Caxton Home Delivery Limited
“DBIS” – Department of Business, Innovation and Skills

1. Joint Administrators' final progress report for the period 25 May 2016 to 27 June 2016

Introduction

We are pleased to let you know that our work in the administration of the Company is now complete and so we set out our final report.

You can still view our earlier reports on our website www.pwc.co.uk/woodberry. Please get in touch with George Hall on 0113 289 4756 or at george.l.hall@uk.pwc.com if you need any of the passwords to access the reports.

We are required to provide certain statutory information pursuant to Rule 2.47(1) (a) to (d) IR86, which is included in Section 2.

Outcome for creditors

Below is a summary of the final outcome for the various classes of creditor. Further information is included later in the report.

Final recovery position for secured creditors

What secured creditors are owed:

The Bank	£6,055,000
Commercial Finance	£1,019,000

What secured creditors will recover in total: **% Recovery**

The Bank	88%
Commercial Finance	100%

Final recovery position for preferential creditors and unsecured creditors

For preferential creditors: i.e. former employees (for unpaid wages up to £800 and holiday pay only) and unpaid pension contributions in certain circumstances.	100%
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For unsecured creditors: i.e. all other creditors who are neither secured no preferential	0%
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1. Joint Administrators' final progress report for the period 25 May 2016 to 27 June 2016

Overview of our work

You may remember that when we were appointed, the position was as follows:

- The Company manufactured and imported furniture for sale to national and independent retailers.
- The Company had experienced a substantial decline in sales over a number of years and, as a result, was facing significant creditor and cash flow pressures.
- PwC were engaged in May 2014 to undertake a brief review of the Company's options in light of its underperformance, and again in June 2014 when creditor and cash flow pressure had grown further still and sales had been lower than expected.
- The Company expected to receive funding from its shareholders to ease the pressures they faced, but this funding was delayed.
- As a result, the decision was taken to further engage PwC in June 2014 to carry out an accelerated sales process of the business. One formal offer was made, but the interested party lacked the funding required to complete a sale.
- By this stage it was clear that neither trading the Company or a sales process could continue without the protection of an insolvency process.
- Arrangements were being made to have the directors place the Company into administration but a creditor filed a winding up petition. As a result of this petition the directors could no longer appoint administrators, so they invited the Bank to make the appointment.
- We were appointed as administrators on 2 July 2014.

Asset realisation

Immediately following our appointment we continued to market the business and assets of the Company for sale. A number of parties expressed interest, the most appealing of which made an offer to purchase the trade, stock and P&M of the business.

As no other serious expressions of interest had been received, at the request of the interested party, we agreed to enter into a period of exclusivity. During this period, however, a major customer confirmed they no longer intended to stock and sell the Company products, resulting in the interested party withdrawing their offer.

By that point there was no other serious interest in the business and assets of the Company, so our strategy was revised to maximise realisations through the sale of the Company's assets on a break-up basis.

This process has now concluded. Please find below a summary of the key asset realisations made during the administration, which should be read in conjunction with our previous progress reports.

The Premises

The Premises sold in January 2015 for £5,737,750, in line with the valuation provided by our agents, GVA.

The sale completed in a much shorter time frame than originally anticipated; GVA expected a sale may take up to two years due to the nature of the Premises. The completion of the sale in such a short time frame has enhanced the recoveries of the Bank and preferential creditors as significant property holding costs were not incurred.

Rental income

On appointment, two other businesses were in occupation at the Premises. We negotiated with them to continue their tenancies following our appointment, enabling us to gather net rental income of £29,857 prior to the sale of the Premises.

1. Joint Administrators' final progress report for the period 25 May 2016 to 27 June 2016

P&M

We instructed our agents, ES, to market and sell the Company's P&M. Sales took place via a combination of online auctions and private treaty sales, generating total sales proceeds of £577,271.

As discussed in our earlier reports, some of the Company's P&M was subject to an outstanding chattels mortgage in the sum of circa £78,000 in favour of Commercial Finance. P&M subject to this mortgage sold for £538,101 which enabled the outstanding mortgage to be settled in full and the transferal of a surplus to the Bank's floating charge account.

The remaining sales of £39,170 were captured by the Bank's floating charge.

Pre-appointment debtors

The Company's pre-appointment debtors were subject to an invoice discounting agreement with Commercial Finance, which was owed circa £941,000.

As explained in previous reports, Veritas had been instructed by Commercial Finance pre-administration to assist in collecting the debtor balances due. This arrangement continued following our appointment and Veritas paid total collections of £939,794 directly to Commercial Finance until their security had been settled in full.

Following the settlement of Commercial Finance's security, any outstanding pre-appointment debtor balances at that point were assigned to the Company in administration and total funds of £41,524 have been received post the assignment. These are captured by the Bank's floating charge.

Prior to this assignment the costs of collecting pre-appointment debtors were being met by the administration and then being reimbursed by Commercial Finance – please refer to our previous progress reports for details of this arrangement.

Other debtors

The Company had unsecured claims in the liquidations of Transport and Home Delivery. We have received first and final distributions from both liquidations, realising funds of £13,328.

Fulfilment of customer orders

On appointment, the Company held an amount of finished stock in its warehouse. Initially we fulfilled customer orders to preserve the Company's goodwill and customer base for any purchaser, in line with our initial strategy. This process continued after we had revised our initial strategy as we considered higher realisations would be made using the stock to fulfil outstanding customer orders compared with selling the stock on a break-up-basis.

After taking into account the associated costs of fulfilling customer orders, the net realisation for the benefit of the administration totals £97,053.

A separate receipts and payments account for the fulfilment of customer orders can be found at Section 3.

Stock

Once we had fulfilled as many customer orders as possible, we instructed our agents, ES, to market and sell the remaining finished goods stock. The stock was sold to a single purchaser for £130,750, before the deduction of costs.

1. Joint Administrators' final progress report for the period 25 May 2016 to 27 June 2016

Recovery of loans

We established that various parties including directors, former directors and parties connected with the directors held loan accounts with the Company which remained outstanding on appointment.

Total recoveries of £111,820 have been made from these accounts.

Refunds

Refunds received have been comprised of:

- £22,856 – corporation tax refunds;
- £9,502 – refund from the Company's Group Life Policy provider;
- £582 – refund of pension contributions made by the Company; and
- £615 – refunds from a pre-appointment supplier and insurance provider.

In our last progress report we explained that a corporation tax refund of £32,056 may become payable to the Company by HMRC on or after 1 October 2016, by which point the administration will have come to an end and the Company will have been dissolved. We further explained that we were making arrangements to have the benefit of the calculated refund assigned to the Bank, as it would be due to the Bank under its floating charge.

These arrangements have now been made, and a formal deed of assignment has been executed. In the event that a corporation tax refund is due, and HMRC accept the deed of assignment we have prepared, the refund will be directed to the Bank for offset against its outstanding debt which stands in excess of £666,000.

It should, however, be noted that there are material uncertainties surrounding the refund; HMRC have not yet confirmed they agree with our calculations or confirmed a refund is due, nor can we confirm that the deed assigning the refund to the Bank will be accepted by HMRC.

We have now finished realising the Company's assets.

Other matters

Since our last report we have also completed various other matters, most significantly:

- Making a final distribution to the Bank;
- Preparing and issuing our fourth progress report to creditors;
- Liaising with HMRC regarding tax clearance prior to closure;
- Preparing our final progress report to creditors; and
- Preparing the administration files for closure.

Approval of our proposals

On 20 August 2014, we sent to creditors our proposals for achieving the purpose of the administration.

We said in our proposals that we thought neither of the first two objectives of administration, being rescuing the Company as a going concern or failing that, achieving a better result for the Company's creditors as a whole than would likely if the Company were wound up (without first being in administration), could be achieved.

This meant that we did not have to hold a creditors' meeting to approve our proposals and our proposals would be treated as approved if creditors did not request a meeting in the required manner. As creditors did not request a meeting, our proposals were treated as approved on 1 September 2014.

We attach a summary of our proposals at Section 8.

1. Joint Administrators' final progress report for the period 25 May 2016 to 27 June 2016

Investigations and actions

Subsequent to our submission of a report to the DBIS on 22 December 2014, nothing further came to our attention during the administration to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

Tax clearance

We fulfilled our duties as proper officers for tax during the administration and filed VAT and corporation tax returns for all relevant accounting periods and accounted for PAYE/NI.

We requested HMRC to confirm whether it has any objections to the administration ending on 1 July 2016. However, as the potential corporation tax refund discussed in the asset section of this report may become payable by HMRC on or after 1 October 2016, HMRC are unable to provide clearance for the administration's closure at this stage.

We expect that HMRC will write to us on or after 1 October 2016 granting tax clearance.

Receipts and payments account

A final receipts and payments account covering the period 25 May 2016 to 27 June 2016 is set out in Section 3.

Expenses statement

A final statement of the expenses covering the period 25 May 2016 to 27 June 2016 is included at Section 4.

Administrators' remuneration

The basis of our remuneration has been fixed on a time costs basis by the secured and preferential creditors of the Company.

In the period from appointment to 19 June 2016, we have incurred time costs of £866,470. This represents 3,202 hours at an average hourly rate of £271.

Specifically in the period from 25 May 2016 to 19 June 2016, we have incurred time costs of £8,035. This represents 36 hours at an average hourly rate of £223.

This includes an increase in charge out rates from 1 July 2015.

In prior periods remuneration of £520,000 has been drawn, of which £215,000 has been drawn against fixed charge realisations and £305,000 against floating charge realisations. No further remuneration will be drawn against our outstanding time costs of £346,471 to 19 June 2016, or any time costs incurred after that date.

In accordance with Statement of Insolvency Practice 9, an analysis of our time costs from 25 May 2016 to 19 June 2016 is provided in Section 7 of this report, along with details of our time charging policy.

Administrators' disbursements

The secured and preferential creditors resolved that we can draw category 2 disbursements in line with our firm's disbursements policy.

Details of this policy and details of disbursements incurred from 25 May 2016 to 27 June 2016 are included in Section 4 of this report.

1. Joint Administrators' final progress report for the period 25 May 2016 to 27 June 2016

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 2.48A IR86. Any request must be in writing. Creditors can also challenge our fees and expenses within eight weeks of receiving this report as set out in Rule 2.109 IR86. This information can also be found in the guide to fees at:

<http://www.pwc.co.uk/woodberry>

A copy may also be obtained free of charge by telephoning George Hall on 0113 289 4756.

Pre-Administration costs

The secured and preferential creditors of the Company gave their approval to us drawing our pre-administration costs as an expense of the administration.

We previously reported that all such costs had been drawn in full at Bank approved charge out rates. No further costs will be drawn.

Details of these costs can be found in Section 6 of this report.

Outcome for creditors

Secured Creditors

The Bank

The Bank's lending to the Company as at the date of the administration was circa £6,055,000 and is secured by fixed and floating charge debentures over all the Company's assets.

We have previously reported making distributions totalling £5,202,496 to the Bank under its fixed charge, and £97,504 under its floating charge.

During the period a final distribution of £56,357 has been made to the Bank under its floating charge, bringing total distributions to the Bank to £5,356,357. This represents an overall recovery rate of 88.46%.

The Bank's recovery may be enhanced further to 88.99% should the corporation tax refund discussed in the asset section of this report become payable at the amount calculated, and HMRC accept its assignment to the Bank.

Commercial Finance

Commercial finance provided an invoice discounting facility against the Company's debtor book and asset funding over P&M. Commercial Finance's lending to the Company as at the date of administration was approximately £941,000 in relation to the debtor book and £68,000 in relation to P&M.

Under the terms of Commercial Finance's security, realisations from either the debtor book or P&M could be used to settle its outstanding liability. As previously reported, realisations from these sources have been sufficient to discharge Commercial Finance's charge in full, with a surplus of £213,387 being transferred to the Bank's floating charge account.

Preferential creditors (mainly employees)

On 6 October 2015 we declared and paid a first and final distribution to all preferential creditors of the Company at 100 pence in the pound. The total amount distributed was £129,231.

1. Joint Administrators' final progress report for the period 25 May 2016 to 27 June 2016

A small number of preferential creditors did not bank their dividend cheques. These cheques have been cancelled and the funds transferred to the Insolvency Service's Unclaimed Dividends Account. Such creditors are required to apply to the Insolvency Service should they wish to claim their dividend.

Unsecured creditors

The prescribed part fund that has to be made available for unsecured creditors does not apply in this case because the floating charge registered against the Company was created before 15 September 2003. The prescribed part fund only has to be made available where the floating charge was created on or after 15 September 2003.

Due to insufficient realisations, a distribution to unsecured creditors outside the prescribed part has not been payable.

Extension to the administration

As creditors are aware, a 12 month extension to 1 July 2016 was previously granted by the secured and preferential creditors of the Company.

Asset realisations are now complete and therefore we have not sought a further extension to the period of the administration. The administration will therefore come to an end on or before 1 July 2016.

Exit route

In line with our proposals approved by creditors on 1 September 2014 we filed notice of move from administration to dissolution on 1 July 2016. The Company will be dissolved three months after the notice has been registered by the Registrar of Companies.

Discharge from liability

When we wrote to the secured and preferential creditors of the Company to agree the basis of our remuneration, we also sought to obtain discharge from liability. Secured and preferential creditors resolved that we will be discharged from liability in respect of any action of ours as joint administrators 14 days after our appointment as administrators ceases to have effect.

Should you have any queries in relation to this report, please do not hesitate to contact my colleague, George Hall on 0113 289 4756.

Yours faithfully
For and on behalf of the Company



Ross Connock
Joint Administrator

Ross David Connock and David Matthew Hammond have been appointed as Joint Administrators of Woodberry Bros & Haines Limited to manage its affairs, business and property as its agents without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The Joint Administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration.

The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

2. Statutory & other information

Court details for the Administration:	High Court of Justice, Chancery Division, Bristol District Registry, 448 of 2014
Full name:	Woodberry Bros & Haines Limited
Trading name:	Caxton Furniture
Registered number:	0473915
Registered address:	Benson House, 33 Wellington Street, Leeds, LS1 4JP
Company directors:	Karen Jeffreys, Robert Conchie, Christopher Kidner, Mark Woodberry, Scott Woodberry
Company secretary:	Karen Jeffreys
Shareholdings held by the directors and secretary:	Christopher Woodberry (22,880 Ordinary Shares) Mark Woodberry (2,050 Ordinary Shares) Scott Woodberry (2,050 Ordinary Shares)
Date of the Administration appointment:	2 July 2014
Administrators' names and addresses:	Ross David Connock & David Matthew Hammond of PricewaterhouseCoopers LLP, 2 Glass Wharf, Bristol, BS2 0FR and PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT
Details of any extension(s) to the initial period of appointment:	The secured and preferential creditors of the Company granted a 12 month extension to the administration until 1 July 2016.
Changes in office holder:	Not applicable
Appointor's / applicant's name and address:	Lloyds Bank plc, 25 Gresham Street, London, EC2V 7HN
Objective being pursued by the Administrators:	Objective (C): realising the Company's assets to pay a dividend to secured or preferential creditors
Division of the Administrators' responsibilities:	In accordance with paragraph 100(2) of Sch.B1 IA86, all functions are to be exercised by any one or all of the Joint Administrators
Proposed end of the Administration:	The Company will be dissolved pursuant to Paragraph 84 Sch. B1 IA86
Estimated dividend for unsecured creditors:	Nil
Estimated values of the prescribed part and the company's net property:	Not applicable
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:	Not applicable
The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to this administration and the proceedings are main proceedings.

3. Receipts and payments account for the period 25 May 2016 to 27 June 2016

Directors' Statement of Affairs		Receipts and Payments as at 24 May 2016	Movements in the period	Receipts and Payments as at 27 June 2016
£		£	£	£
	<u>Fixed charge</u>			
	<u>Lloyds Bank Commercial Finance Limited fixed charge account</u>			
	Receipts			
1,000,000.00	Debtors subject to a factoring agreement	-	-	-
450,000.00	Plant and machinery	538,100.97	-	538,100.97
	Re-imbursment of debt collection fees paid (pre-appointment debts)	47,035.49	-	47,035.49
		585,136.46	-	585,136.46
	Payments			
	First and final distribution to Commercial Finance	187,487.59	-	187,487.59
	Agent's fees & disbursements - P&M	62,733.25	-	62,733.25
	Insurance cover	5,000.00	-	5,000.00
	Employee costs	10,000.00	-	10,000.00
	Administrators' fees (post administration, time costs basis)	50,000.00	-	50,000.00
	Debt collection fees & disbursements (pre-appointment debtors)	56,528.76	-	56,528.76
	Surplus released to floating charge	213,386.86	-	213,386.86
		585,136.46	-	585,136.46
	Lloyds Bank Commercial Finance Limited's fixed charge balance	-	-	-
	<u>Lloyds Bank plc fixed charge account</u>			
	Receipts			
5,500,000.00	The Premises	5,737,750.00	-	5,737,750.00
	Rental Income - Space	30,386.29	-	30,386.29
	Rental Income - Saturn	6,220.67	-	6,220.67
	Rates refund	916.54	-	916.54
	Bank interest	649.87	-	649.87
		5,775,923.37	-	5,775,923.37
	Payments			
	Distributions to the Bank (under its fixed charge)	5,202,496.35	-	5,202,496.35
	Administrators' fees (post administration, time costs basis)	165,000.00	-	165,000.00
	Administrators' fees (pre-administration, time costs basis)	7,940.50	-	7,940.50
	Legal fees & disbursements (post-administration)	24,351.55	-	24,351.55
	Rates	11,241.81	-	11,241.81
	Site clearance	42,826.88	-	42,826.88
	Utilities	34,795.17	-	34,795.17
	Employee costs	62,725.84	-	62,725.84
	Agent's fees & disbursements - The Premises	61,942.19	-	61,942.19
	Agent's fees - utilities	400.00	-	400.00
	Agent's fees & disbursements (pre-administration) - The Premises	5,035.20	-	5,035.20
	Insurance cover	34,891.64	-	34,891.64
	Health and safety costs	3,160.00	-	3,160.00
	Premises EPC certificates	1,472.00	-	1,472.00
	Rental income - refunds and overpayments	6,750.00	-	6,750.00
	Security	110,220.50	-	110,220.50
	Bank charges	673.74	-	673.74
		5,775,923.37	-	5,775,923.37
5,500,000.00	Lloyds Bank plc's fixed charge balance	-	-	-

3. Receipts and payments account for the period 25 May 2016 to 27 June 2016

<i>Directors' Statement of Affairs</i>		Receipts and Payments as at 24 May 2016	Movements in the period	Receipts and Payments as at 27 June 2016
£		£	£	£
	Floating charge account			
	Receipts			
	Storage charges	1,000.00	-	1,000.00
200,000.00	Other debtors	13,327.54	-	13,327.54
2,500.00	Motor vehicles	1,540.00	-	1,540.00
20,000.00	Fixtures and fittings	-	-	-
	Surplus from the fulfilment of customer orders (see next page)	97,052.95	-	97,052.95
	Other stock sales	1,393.90	-	1,393.90
1,000,000.00	Plant and Machinery	39,170.00	-	39,170.00
	Lloyds Bank Commercial Finance fixed charge surplus (see above)	213,386.86	-	213,386.86
	Debtor collections (pre appointment debtors post debt assignment)	41,524.13	-	41,524.13
	Re-imbursment of debt collection fees paid (pre-appointment debts post assignment)	9,522.43	-	9,522.43
	Stock	130,750.00	-	130,750.00
	Refunds	33,555.30	-	33,555.30
112,194.00	Recovery of loans	111,819.89	-	111,819.89
462.00	Petty cash	881.86	-	881.86
	Bank interest	759.29	-	759.29
		695,684.15	-	695,684.15
	Payments			
	Distributions to the Bank (under its floating charge)	97,503.65	56,356.58	153,860.23
	Administrators' fees (post-administration, time costs basis)	305,000.00	-	305,000.00
	Administrators' fees (pre-administration, time costs basis)	7,940.50	-	7,940.50
	Administrators' disbursements	6,771.44	-	6,771.44
	Agent's fees - stock	24,550.00	-	24,550.00
	Agent's disbursements - Plant and Machinery	855.00	-	855.00
	Debt Collection fees pre appointment debtors post debt assignment	3,140.76	-	3,140.76
	Legal fees & disbursements pre appointment debtors post debt assignment	9,365.53	-	9,365.53
	General legal fees & disbursements (post administration)	14,285.16	-	14,285.16
	General legal fees & disbursements (pre-administration)	2,158.37	-	2,158.37
	Insurance	4,633.34	-	4,633.34
	Employee costs	15,819.25	-	15,819.25
	Payroll services	1,187.65	-	1,187.65
	Room hire costs	200.00	-	200.00
	Storage costs	7,312.36	-	7,312.36
	IT costs	2,407.50	-	2,407.50
	Consultancy fees	2,650.00	-	2,650.00
	Office supplies	2,209.25	-	2,209.25
	Petty cash	337.55	-	337.55
	Mail redirection	195.00	-	195.00
	Bank charges	882.00	30.00	912.00
	Utilities	80.12	-	80.12
	Irrecoverable VAT	16.02	-	16.02
	Preferential creditors - 100p in the £ paid on 6 October 2015	129,230.66	-	129,230.66
		638,731.11	56,386.58	695,117.69
1,335,156.00	Floating charge balance	56,953.04	(56,386.58)	566.46
	VAT control account*	(566.46)	-	(566.46)
	Total funds in hand	56,386.58	(56,386.58)	-

*The VAT control account balance of £566.46 represents funds that may be due to the Company but given the closure of the administration and the minimal sum involved, we have not sought to recover this balance

All transactions are stated net of VAT

All transactions are processed through one of two bank accounts. Both bank accounts have been removed from interest bearing in preparation for the administration's closure.

3. Receipts and payments account for the period 25 May 2016 to 27 June 2016

Joint Administrators' receipts and payments account in relation to the fulfilment of customer orders for the period 24 May 2016 to 27 June 2016

	<i>Receipts and payments as at 24 May 2016</i>	<i>Movements in the period</i>	<i>Receipts and payments as at 27 June 2016</i>
	£	£	£
<u>Receipts</u>			
Customer receipts	284,469.89	-	284,469.89
	284,469.89	-	284,469.89
<u>Payments</u>			
Debt collection fees (post-appointment debtors)	7,044.27	-	7,044.27
Employee costs	45,000.00	-	45,000.00
Purchases - supply of chairs	65,014.67	-	65,014.67
Hauliers fees	70,358.00	-	70,358.00
	187,416.94	-	187,416.94
Surplus on fulfilment of customer orders	97,052.95	-	97,052.95

All transactions are shown net of VAT.

4. Statement of expenses incurred from 25 May 2016 to 27 June 2016

Expenses Incurred	Unpaid expenses as at 24 May 2016	Incurred in this period	Paid in this period	Unpaid expenses as at 27 June 2016	Estimated expenses to closure
	£	£	£	£	£
Administrators' fees	338,435.20	8,035.00	-	346,470.20	3,657.99
Administrators' Category 1 disbursements - postage	-	330.00	-	330.00	-
Administrators' Category 2 disbursements - photocopying	-	230.00	-	230.00	-
Bank charges	-	30.00	30.00	-	-
Total	338,435.20	8,625.00	30.00	347,030.20	3,657.99

Notes to the expenses statement:

- Please note that the schedule above provides an estimate of expenses incurred. Any balance that remains unpaid as at the date of this report is yet to be finalised and may therefore be subject to final adjustment.
- Unpaid expenses of £347,031 as at 27 May 2016 and estimated future expenses of £3,658 will not be settled by the administration. These expenses will be written off.
- The Administrators' fees of £8,035 incurred in the period represent time costs incurred by the Administrators and their staff for the period 25 May 2016 to 19 June 2016. Further time costs of £3,658 are expected to be incurred after 19 June 2016 to the administration's closure.

Administrators' category 1 disbursements from 25 May 2016 to 27 June 2016

These expenses have been invoiced by third parties and do not require approval from creditors before being drawn and are recovered at cost.

Category 1 disbursement	Incurred to 24 May 2016	Incurred in current period	Total as at 27 June 2016
	£	£	£
Travel (excl mileage)	262.87	-	262.87
Mobile phone usage	291.51	-	291.51
Statutory advertising	75.82	-	75.82
Search fees	37.00	-	37.00
Postage	1,393.81	330.00	1,723.81
Bonding	225.00	-	225.00
Total	2,286.01	330.00	2,616.01

All transactions are shown net of VAT.

None of the category 1 disbursements incurred in this latest period to 27 June 2016 have been (or will be) drawn. Any category 1 disbursements incurred in the future will be written off.

Category 2 disbursements for the period 25 May 2016 to 27 June 2016

Where we propose to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by our own firm), these must be disclosed and be authorised by those responsible for approving our remuneration. Such expenses are known as "Category 2" disbursements and they must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

4. Statement of expenses incurred from 25 May 2016 to 27 June 2016

Our expenses policy allows for all properly incurred expenses to be recharged to the administration. Category 2 disbursements are likely to only comprise mileage, printing for circulars to creditors and exceptional amounts of copying. Category 2 disbursements in the period under review are provided in the table below.

The expenses policy below has been approved by both the secured and preferential creditors of the Company:

Category	Policy
2	Photocopying - At 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying.
2	Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc).
	Total

Administrators' category 2 disbursements

Category 2 disbursement	Incurred to 24 May 2016	Incurred in current period	Total as at 27 June 2016
	£	£	£
Mileage	3,835.40	-	3,835.40
Photocopying	650.03	230.00	880.03
Total	4,485.43	230.00	4,715.43

All transactions are shown net of VAT.

None of the category 2 disbursements incurred in the latest period to 27 June 2016 have been (or will be) drawn. Any category 2 disbursements incurred in the future will be written off.

Our relationships

We have no business or personal relationships with parties responsible for approving remuneration or who provide services to us in respect of the appointment where the relationship could give rise to a conflict of interest.

5. Summary of legal and other professional firms

Below is a summary of the legal and other professional firms we have instructed during the administration.

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services	Bond Dickinson LLP	Knowledge & expertise	Time costs
Legal services (debtors recovery)	Bermans LLP	Knowledge & expertise	Time costs
Legal services (Scottish debtor recovery)	Morton Fraser LLP	Knowledge & expertise	Time costs
Debt collection (Company's pre appointment debtors)	Veritas Commercial Services	Knowledge & expertise	5% of realisations
Debt collection (Company's post appointment debtors)	Veritas Commercial Services	Knowledge & expertise	2% of realisations
Payroll services	Numerus Payroll Services Ltd	Knowledge & expertise	<ul style="list-style-type: none"> - Fixed fee per month for payroll services; and - One of charge for services in relation to the distribution made to preferential creditors.

So that we can check the invoices submitted by third party professionals, we ask them to provide us with a breakdown of their time costs (where appropriate) together with an explanation of the work they have done.

6. Pre-Administration costs

The following are costs incurred prior to our appointment but with a view to the Company entering administration. The secured and preferential creditors of the Company have approved that we can draw such costs as an expense of the administration.

	Paid amount (£)	Unpaid amount	Total (£)
Fees charged by the Administrators*	15,881.00	3,324.50	19,205.50
Expenses incurred by the Administrators			
- Legal fees**	2,095.82	-	2,095.82
- Legal disbursements	62.55	-	62.55
- Agent's fees	5,000.00	-	5,000.00
- Agent's disbursements (mileage)	35.20	-	35.20
Fees charged by other persons qualified to act as an insolvency practitioner	-	-	-
Expenses charges by others persons qualified to act as an insolvency practitioner	-	-	-
Total	23,074.57	3,324.50	26,399.07

*Fees have been reported in accordance with our firm's normal charge out rates, as detailed in Section 7. The amount of £15,881 drawn above represents recovery of our pre-appointment costs in full at charge out rates prescribed by the Bank. No further amount will be drawn.

7. Analysis of the Administrators' remuneration for the period 25 May 2016 to 19 June 2016

Analysis of time costs for the period from 25 May 2016 to 19 Jun 2016

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Secretarial	Total hours	Time cost £	Average hourly rate £
Secured creditors	-	-	-	-	0.55	-	-	0.55	101.75	185.00
Accounting and treasury	0.25	-	-	-	1.30	0.70	-	2.25	503.50	223.78
Statutory and compliance	-	-	1.00	-	9.60	1.00	-	11.60	2,366.00	203.97
Tax & VAT	-	-	0.20	-	10.70	0.20	-	11.10	2,167.75	195.29
Closure procedures	-	-	1.75	-	8.55	-	-	10.30	2,896.00	281.17
Total for the period	0.25	-	2.95	-	30.70	1.90	-	35.80	8,035.00	224.44
Brought forward at 24 May 2016								3,166.06	858,435.20	
Total								3,201.86	866,470.20	270.61

7. Analysis of the Administrators' remuneration for the period 25 May 2016 to 19 June 2016

Analysis of our current time costs and estimated time costs to closure:

	Aspect of assignment	Time to date (hours)	Time cost £	Average rate £	Estimated time to closure (hours)	Estimated time cost £	Average rate £	Estimated total time £	Estimated total time cost £	Average rate £
1	Strategy & planning	133.82	38,901.60	290.70	0.50	145.35	290.70	134.32	39,046.95	290.70
2	Fulfilment of customer orders	241.39	78,884.35	326.79	-	-	-	241.39	78,884.35	326.79
3	Secured creditors	83.35	33,025.00	396.22	1.00	396.22	396.22	84.35	33,421.22	396.22
4	Assets	769.78	241,087.53	313.19	-	-	-	769.78	241,087.53	313.19
5	Investigations	58.13	12,504.95	215.12	-	-	-	58.13	12,504.95	215.12
6	Creditors	182.28	40,456.50	221.95	1.00	221.95	221.95	183.28	40,678.45	221.95
7	Accounting and treasury	294.54	63,017.85	213.95	0.75	160.47	213.95	295.29	63,178.32	213.95
8	Statutory and compliance	561.63	125,686.30	223.79	1.50	335.68	223.79	563.13	126,021.98	223.79
9	Tax & VAT	406.58	121,357.47	298.48	3.50	1,044.69	298.48	410.08	122,402.16	298.48
10	Employees & pensions	434.21	101,761.90	234.36	-	-	-	434.21	101,761.90	234.36
11	Closure procedures	36.15	9,786.75	270.73	5.00	1,353.63	270.73	41.15	11,140.38	270.73
	Total	3,201.86	866,470.20	270.61	13.25	3,657.99	276.07	3,215.11	870,128.19	270.64

7. Analysis of the Administrators' remuneration for the period 25 May 2016 to 27 June 2016

Administrators' time charging policy

Grade	Insolvency		Specialist
	1 July 2014 to 30 June 2015 £	1 July 2015 to 30 June 2016 £	
Partner	575	590	1,190
Director	480	490	1,095
Senior manager	415	425	920
Manager	330	340	665
Senior associate – qualified	250	255	490
Senior associate – unqualified	180	185	280
Associate	160	165	240
Support staff	85	87	140

It has been our policy to delegate routine matters of the administration to junior members of staff in order to maximise the cost effectiveness of the work performed. These members of staff have been supervised by senior staff and the Administrators. Any matter of particular complexity or significance that has required responsibility of an exceptional kind has also been dealt with by senior staff and the Administrators.

In common with all professional firms, scale rates increase from time to time over the period of the administration of each insolvency case. PricewaterhouseCoopers LLP, or any successor firm, reserves the right to change the rates and grade structure. There have been no scale rate increases during the period of this report.

Set out above are the relevant maximum charge-out rates per hour worked for the grades of the Administrators' staff actually or likely to be involved on this assignment. Time is charged by reference to actual work carried out on the assignment. There has been no allocation of any general costs or overhead costs.

Specialist departments within the Administrators' firm such as Tax, VAT, Property and Pensions may charge a small number of hours if and when the Administrators require their expert advice. Such specialists' rates do vary but the figures provide an indication of the maximum rate per hour.

All staff who work on this assignment (including cashiers, support and secretarial staff) charge time directly to the assignment and are included within any analysis of the time charged. Each grade of staff is allocated an hourly charge out rate which is reviewed from time to time. Work undertaken by cashiers, support and secretarial staff is charged for separately and is not included in the hourly rates charged by partners or the other members of staff. Time is charged by reference to actual work carried out on the assignment in six minutes units. The minimum time chargeable is three minutes (i.e. 0.5 units).

Explanation of work undertaken to 19 June 2016

The analysis provided earlier shows total time costs from 25 May 2016 to 19 June 2016 in the sum of £8,035, the key elements of which are explained further below.

7. Analysis of the Administrators' remuneration for the period 25 May 2016 to 27 June 2016

Area of work	Activities completed	Why the work was necessary	What, if any, financial benefit the work provided to creditors or whether it was required by statute
Secured creditors	<ul style="list-style-type: none"> • Liaising with Bank regarding the final distribution made during the period and the closure of the administration; and • Preparing the final distribution payment to the Bank. 	<ul style="list-style-type: none"> • Facilitates the payment of a distribution to the Bank; and • To keep the Bank updated with the progress of the administration. 	<ul style="list-style-type: none"> • Work is required for the proper administration of the insolvency; and • To maximise the Bank's recovery.
Accounting and treasury	<ul style="list-style-type: none"> • Bank reconciliations; • Processing, approval and recording of payments; • Cash flow reviews and budgeting; • Review of internal accounting systems to ensure all entries recorded correctly; and • Arranging for the closure of one of the administration's bank accounts. 	<ul style="list-style-type: none"> • For the proper management of the administration bank accounts and the funds held within them. 	<ul style="list-style-type: none"> • To allow the Administrators to comply with their legal obligations.
Statutory and compliance	<ul style="list-style-type: none"> • Preparation and issuing of the fourth progress report to creditors; • Case filing; and • Managing statutory issues. 	<ul style="list-style-type: none"> • To comply with mandatory statutory and other obligations placed on the Administrators. 	<ul style="list-style-type: none"> • Required by statute or other legal requirement.
Tax and VAT	<ul style="list-style-type: none"> • Seeking the advice of our internal tax specialists in relation to corporation tax refund (discussed in the 'Refunds' section of this report at page 5); • Liaisons with HMRC regarding said refund; and • Preparing a deed to assign said refund to the Bank. 	<ul style="list-style-type: none"> • To comply with legal requirements; and • Maximise the Bank's recovery. 	<ul style="list-style-type: none"> • Required by statute or other legal requirement; and • Ensures any available tax recoveries are made for the benefit of the insolvency estate.
Closure procedures	<ul style="list-style-type: none"> • Seeking further clearances prior to closure; • Preparing files and case generally for closure; • Updating closure checklist; and • Preparing our final report to creditors. 	<ul style="list-style-type: none"> • To comply with mandatory statutory and other obligations placed on the Administrators 	<ul style="list-style-type: none"> • Work is required for the proper administration of the insolvency.

Explanation of future work

We still needed to do the following work to conclude the administration between the time of writing this report and our appointment ceasing to have effect (in addition to certain internal requirements in the subsequent days):

7. Analysis of the Administrators' remuneration for the period 25 May 2016 to 27 June 2016

Area of Work	What we need to do	Estimated cost	Whether the work will provide a financial benefit to creditors
Strategy and planning	<ul style="list-style-type: none"> Execute final closure strategy and amend if appropriate; Budgets and costs monitoring; and Appointee and senior staff strategy overview. 	<ul style="list-style-type: none"> £145 	<ul style="list-style-type: none"> Incidental to proper management of the administration
Statutory and compliance	<ul style="list-style-type: none"> Complying with statutory filing requirements; Maintaining case records; Final appointee and manager reviews; Filing documents at Companies House; Internal compliance procedures; and Release of the Administrators' bonds. 	<ul style="list-style-type: none"> £336 	<ul style="list-style-type: none"> Required by statute or other legal requirement
Secured creditors	<ul style="list-style-type: none"> Liaising with the Bank regarding the closure of the administration and the assignment of a corporation tax refund (discussed further within the 'Refunds' section at page 5 of this report). 	<ul style="list-style-type: none"> £396 	<ul style="list-style-type: none"> Facilitates the payment of a distribution to the Bank; and To maximise the Bank's recovery.
Accounting and treasury	<ul style="list-style-type: none"> Final bank reconciliation; Closure of the one remaining administration bank account. 	<ul style="list-style-type: none"> £160 	<ul style="list-style-type: none"> Incidental to the proper management of the administration.
Creditors	<ul style="list-style-type: none"> Addressing creditor enquiries regarding our fourth and final progress reports. 	<ul style="list-style-type: none"> £222 	<ul style="list-style-type: none"> Incidental to the proper management of the administration.
Tax and VAT	<ul style="list-style-type: none"> Liaison with HMRC regarding the deed prepared to have a tax refund (see section regarding 'Refunds' on page 5) assigned to the Bank; and Documenting the assignment of the tax refund within our files. 	<ul style="list-style-type: none"> £1,045 	<ul style="list-style-type: none"> Required by statute or other legal requirement; and To maximise the Bank's recovery.
Closure procedures	<ul style="list-style-type: none"> Completing closure checklists; Final review and maintenance of case database; Issuing final progress report to creditors; and Internal closure tasks, such as closure of case management systems. 	<ul style="list-style-type: none"> £1,354 	<ul style="list-style-type: none"> Required by statute or other legal requirement.

As confirmed earlier, no fees will be drawn for these final tasks.

8. Summary of the Joint Administrators' proposals

The Administrators made the following proposals for achieving the purpose of the administration:

Our proposals for achieving the purpose of administration are as follows.

- i) We will continue to manage and finance the Company's business, affairs and assets from trading revenues asset realisations as we consider appropriate. We will do this with a view to 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, failing that, realising assets to pay a dividend to one or more secured or preferential creditors.
- ii) We may investigate and, if appropriate, pursue any claims that the Company might have. We will also do anything else we think appropriate, to achieve the purpose of the administration or to protect and preserve the Company's assets or to maximise realisations or for any other purpose incidental to these proposals
- iii) If we think there will be money for unsecured creditors, we may (but we won't have to) agree in principle the claims of unsecured creditors for confirmation by a subsequent liquidator or supervisor of a company voluntary arrangement / scheme of arrangement. The costs of doing this may be charged to the administration, as part of our fees, depending on whether or not there will be a dividend for unsecured creditors. If we choose not to agree the claims in principle and there is money for unsecured creditors, a subsequent liquidator or supervisor of a company voluntary arrangement / scheme of arrangement will agree the claims.
- iv) If we think there will be money for unsecured creditors, we may (but we won't have to) ask the court to allow us to pay dividends to those creditors. If we choose not to ask the court for such an order and there is enough money for unsecured creditors, a subsequent liquidator or supervisor of a company voluntary arrangement / scheme of arrangement will pay dividends to them.
- v) If we wish to extend the administration beyond the statutory one year, if a creditors' committee is formed, we will ask any committee for its views, before applying to the court or getting agreement from the appropriate classes of creditors.
- vi) We may use one or more "exit route" strategies to end the administration, but we are likely to choose the following options as being the most cost effective and practical in this case:-
 - (a) If there aren't enough funds to pay a dividend to unsecured creditors, once we've finished our work we will either file a notice with the Registrar of Companies and the Company will be dissolved three months later or apply for a court order ending the administration and for the Company to be wound up / be dissolved
 - (b) If there are prospects of a distribution to unsecured creditors, once we've disposed of all the assets and finished our work, we will put the Company into creditors' voluntary liquidation. If this happens, we propose that Ross David Connock and David Matthew Hammond are appointed as Joint Liquidators and that any act required or authorised to be done by the Joint Liquidators can be done by either or both of them. Creditors may, before these proposals are approved, nominate a different person or persons as Liquidator(s), in accordance with paragraph 83(7)(a) of Sch.B1 IA86 and Rule 2.117A(2)(b) IR86.
 - (c) Once we've finished disposing of the assets we will apply to the court for permission to pay any surplus funds to unsecured creditors. If this is granted, we'll end the administration by filing a notice with the Registrar of Companies and the Company will be dissolved three months later. If we don't get permission we will put the Company into creditors' voluntary liquidation in accordance with paragraph (b) above or comply with the terms of any court order where different.
- vii) We will be discharged from liability in respect of any of our actions as administrators at a time set by the secured creditor(s), or if a dividend has been or may be paid to the preferential creditors, at a time set by the secured and preferential creditors or at a time set by the court.
- viii) We propose that the unpaid pre-administration costs set out at Appendix A, are approved for payment as an expense of the administration. The payment of unpaid pre-administration costs as an expense of the administration is subject to approval under rule 2.67A of the IR86 and is not part of the proposals subject to approval under paragraph 53 of Sch.B1 IA86. If you elect a committee it will be up to that

8. Summary of the Joint Administrators' proposals

committee to approve payment of the unpaid pre-administration costs as an expense of the administration. But if there is no committee, then because we've said we think the Company doesn't have enough assets to pay anything to unsecured creditors we will ask the secured creditors and preferential creditors to do so instead.

- ix) We propose that our fees be fixed based on the time we and our staff spend on the case at our normal charge out rates for this type of work. We also propose that disbursements for services provided by our firm (defined as Category 2 disbursements in Statement of Insolvency Practice No.9) are charged as per our firm's policy
- x) It will be up to the creditors' committee to fix the basis of our fees and Category 2 disbursements. But if there's no committee, then because we've said we think the Company doesn't have enough assets to pay anything to unsecured creditors, we will ask the secured creditors and preferential creditors to do so instead. If creditors or the committee do not fix the basis of our fees and Category 2 disbursements, we may apply to the court to fix them no later than 18 months after the date of our appointment