

The Insolvency Act 1986

Administrator's progress report

Name of Company Kitchen Consultants Ltd
--

Company number 2860223

In the Cambridge County Court <small>(full name of court)</small>

Court case number 394 of 2010

(a) Insert full name(s) and address(es) of administrator(s)

~~IAW (a)~~
 Shay Lettice
 Peters Elworthy & Moore
 Salisbury House
 Station Road
 Cambridge CB1 2LA

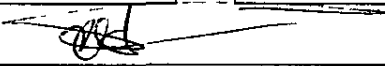
administrator(s) of the above company attach a progress report for the period

(b) Insert date

From (b) 25 December 2010

To (b) 7 March 2011

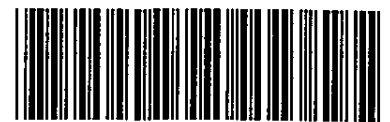
Signed


 Joint / Administrator(s)

Dated

11 MARCH 2011

FRIDAY



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 AIQ 11/03/2011 15
 COMPANIES HOUSE

Administrator's Final Progress Report

For the Period

25 December 2010 to 7 March 2011

**Kitchen Consultants Limited -
In Administration**

11 March 2011

KITCHEN CONSULTANTS LIMITED - IN ADMINISTRATION

CONTENTS

- 1 Statutory Information
- 2 Administrator's Proposals
- 3 Progress of the Administration
- 4 Administrator's Remuneration
- 5 Administrator's Expenses
- 6 Unrealised Assets
- 7 Outcome for Creditors
- 8 Creditors' Rights
- 9 Ending the Administration

APPENDICES

- A Receipts and Payments Account from 25 December 2010 to 7 March 2011 and 25 June 2010 to 7 March 2011
- B Time Analysis for the period 25 December 2010 to 7 March 2011
- C Cumulative Time Analysis for the Period from 25 June 2010 to 7 March 2011
- D Outcome Statement as at 7 March 2011
- E Additional information in relation to Administrator's fees pursuant to Statement of Insolvency Practice 9

KITCHEN CONSULTANTS LIMITED - IN ADMINISTRATION

1 Statutory Information

- 1 1 I was appointed Administrator of Kitchen Consultants Limited the Company on 25 June 2011. The application for the appointment of an Administrator was made by the directors.
- 1 2 This Administration is being handled by Peters Elworthy & Moore office, situated at Salisbury House, Station Road, Cambridge, CB1 2LA.
- 1 3 The Administration is registered in the Cambridge County Court, under reference 394 of 2010.
- 1 4 The trading address of the Company was 120 East Road, Cambridge, CB1 1DB.
- 1 5 The registered office of the Company is Salisbury House, Station Road, Cambridge CB1 2LA and its registered number is 2860223.

2 Administrator's Proposals

- 2 1 As previously advised, the Administrator must perform his functions with the purpose of achieving one of the following objectives:
- rescuing the Company as a going concern,
 - 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
 - realising property in order to make a distribution to one or more secured or preferential creditors.
- 2 2 The strategy for achieving these objectives was detailed in the Administrators proposals. A pre-packaged sale was considered necessary because it was believed that this would achieve 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) and the following points were considered to be significant -
- a) Value will attach to the "goodwill" of the company resulting in better realisation from the "pre-pack" sale,

KITCHEN CONSULTANTS LIMITED - IN ADMINISTRATION

- b) The value of stock will be larger in the event of a sale in administration than in a liquidation,
- c) Due to the continuity of the business the collection of book debts and retentions will be further improved,
- d) The completion of contracts and general snagging will reduce the amounts of any counterclaims against the company,
- e) Employee claims against the company may be reduced, and
- f) Even though the company cannot be saved it is likely that the business can and this may allow jobs to be saved

In this case 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) was the objective being pursued

2 3 Consideration includes £20,000 for the stock and chattel assets and an initial payment of £50,000 for the company's goodwill both of which were payable on completion. Goodwill will also attract an "earnout" based on deferred income of 4% of turnover for the period from the date of sale to 31 December 2010 and 2.5% of turnover from the 1 January 2011 for a period of 12 months. This was expected to realise a further £44,000 and £27,500 respectively. The first payment from deferred income was due on 30 January 2011 and will cover the six months to 31 December 2010. The remainder will be paid quarterly in arrears.

2 4 There have been no major amendments to, or deviations from, the above strategy.

3 Progress of the Administration

3 1 Attached at Appendix A is my Receipts and Payments Account for the periods from 25 December 2010 to 7 March 2011 and 25 June 2010 to 7 March 2011.

3 2 As previously advised a sale of the Company's business and assets was concluded on 25 June 2010 to Nicholas Anthony Limited following the Company being placed into administration. A pre-packaged sale was considered necessary because it was believed that this would achieve 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).

3 3 Consideration to be received in respect of goodwill is set out in section 3.3. Based on figures provided by Nicholas Anthony Ltd this figure the calculation for the 4% of turnover period 25 June 2010 to 31 December 2010 totals £25,789 and I am expecting payment imminently. As this is lower than the £44,000 originally envisaged I will be instructing an audit specialist from this firm to carry out a review of the relevant records in order to validate the figures provided.

KITCHEN CONSULTANTS LIMITED - IN ADMINISTRATION

3 4 As you are aware I have instructed a former director, David Stewart, to assist me in book debt and retention collections. To date we have realised £24,824. It was agreed that a fee totalling 10% of the first £100,000 of book debt realisations, 15% of any book debt realisations over £100,000 and 20% of realisations on all retention collections would be paid to Mr Stewart. To date I have paid Mr Stewart £3,787.61

4 Administrator's Remuneration

4 1 The creditors approved the basis of the Administrator's remuneration be fixed by reference to the time properly spent by him and his staff in managing the Administration.

4 2 Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during the final period 25 December to 7 March 2011 in respect of the costs fixed by reference to time properly spent by me in managing the Administration. This details time costs of £8,741.97, which represents 68.07 hours at an average hourly rate of 128.42.

4 3 The Administrator's total time costs at 8 March 2011 are £41,682.77. This represents 329.57 hours at an average rate of £126.47 per hour. Attached as Appendix C is a cumulative Time Analysis which provides details of my time costs since appointment.

4 4 Work undertaken in this final period includes time spent in relation to calculating any tax liabilities and gaining clearance to finalise the Administration from HM Revenue & Customs. Work included under the heading of creditors includes drafting both the first and final progress reports, dealing with creditors queries and dealing with issues surrounding the former employees in relation to the ongoing Employment Tribunal. Further time has been charged to asset realisations and this includes time expended in liaising with and pursuing Nicholas Anthony Ltd in respect of goodwill payments, and liaising with the former director, David Stewart, in respect of book debt collections.

4 5 Attached as Appendix E is additional information in relation to this firm's policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade.

4 6 Since the date of my last progress report, the following Category 2 disbursements have been taken:

- Photocopying - £77.40
- Postage -- £96.08

KITCHEN CONSULTANTS LIMITED - IN ADMINISTRATION

4.7 The total fee invoices raised since my appointment are £34,918.87 plus disbursements of £1,388.94. Due to insufficient funds, I have only drawn £25,000 in respect of these fees and the balance will be paid as an expense of the Liquidation. I will also be raising a further bill of £6,763.90, plus disbursements of £173.48 with this report, which includes Administrator's remuneration since the last bill and this will also be drawn as an expense of the Liquidation.

5 Administrator's Expenses

5.1 All expenses incurred and paid are detailed in the attached receipts & payments account and estimated outcome statement, all other expenses incurred up to the 25 December 2011 were detailed in my previous progress report. I have therefore detailed below those expenses that have been incurred since the 25 December 2011 that are not detailed in the attached receipts and payments account.

	Administrator's Expenses Incurred £
Photocopying	77.40
Postage	96.08
Total	173.48

6 Unrealised Assets

6.1 The following assets have yet to be realised and will now be dealt with by the Liquidator once appointed.

6.2 As indicated above Goodwill attracts an "earnout" based on deferred income of 4% of turnover for the period from the date of sale to 31 December 2010 and 2.5% of turnover from the 1 January 2011 for a period of 12 months, which is to be accounted for every three months. As detailed above I am currently resolving the first "earnout" payment and expect payment imminently. I will pursue further goodwill payments as they fall due.

6.3 David Stewart continues to assist with book debt and retentions collections. He has indicated that he believes that in the region of a further £100,000 is collectable and I continue to monitor the progress of collections.

6.4 As detailed in my previous report I have been exploring the possibility of recovering further funds from various insurance claims and this will be reviewed further in the Liquidation.

KITCHEN CONSULTANTS LIMITED - IN ADMINISTRATION

7 Outcome for Creditors

- 7.1 An Outcome Statement as at 7 March 2011 is attached at Appendix D
- 7.2 The estimated outcome statement suggests that the secured creditor is expected to receive dividends of 79.92p in the £ based on estimated final realisations. However, there remains the possibility that the secured creditor will be paid in full.
- 7.3 The Redundancy Payments Office has stated that they believe the employees fall within the Transfer of Undertakings (Protection of Employment) Regulations and as a result there is an ongoing Employment Tribunal in respect of the employees of Kitchen Consultants Limited and Nicholas Anthony Limited. It is therefore uncertain whether there will be any preferential creditors.
- 7.4 As the debenture pre-dates the introduction of the Enterprise Act 2002 on 15 September 2003, there is no requirement to set aside an Unsecured Creditor Fund as outlined in s176A of the Act.
- 7.5 The attached estimated outcome statement suggests that there will not be a surplus available for unsecured creditors. However, I remain unable to confirm whether there will be a surplus available to unsecured creditors until the remaining assets are realised, namely, the goodwill and debtors/retentions. Therefore, there is still a possibility that there may be a distribution to unsecured creditors.

8 Creditors' rights

- 8.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Administrator provide further information about his remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 8.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the basis fixed for the Administrator's remuneration, the remuneration charged or the expenses incurred by the Administrator as set out in this progress report are excessive.

9 Ending the Administration

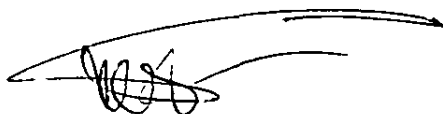
- 9.1 As detailed in previous correspondence the proposed exit route from Administration was to creditors voluntary liquidation. I can confirm that the Company moved to Liquidation on 8

KITCHEN CONSULTANTS LIMITED - IN ADMINISTRATION

March 2011 following registration at Companies house of Form 2 34B – Notice of move from Administration to creditors voluntary liquidation

9 2 The Administrator will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon his appointment as Administrator ceasing to have effect

For and on behalf of
Kitchen Consultants Limited

A handwritten signature in black ink, appearing to read 'Shay Lettice', with a long horizontal flourish extending to the right.

Shay Lettice
Administrator

**Kitchen Consultants Ltd
(In Administration)
Administrator's Abstract of Receipts & Payments**

	From 25/12/2011 To 07/03/2011 £	From 25/06/2010 To 07/03/2011 £
SECURED ASSETS		
Goodwill	Nil	50,000 00
Bank Interest	Nil	8 07
	<u>Nil</u>	<u>50,008 07</u>
COSTS OF REALISATION		
Office Holders Fees	4,988 07	4,988 07
Legal Fees	Nil	4,512 12
Bank Charges	Nil	20 00
	<u>(4,988 07)</u>	<u>(9,520 19)</u>
SECURED CREDITORS		
Royal Bank of Scotland	Nil	40,487 88
	<u>Nil</u>	<u>(40,487 88)</u>
ASSET REALISATIONS		
Furniture & Equipment	Nil	10,000 00
Stock	Nil	10,000 00
Book Debts	Nil	24,824 19
Tax Refund	3 58	3 58
Insurance Refund	Nil	4,551 40
Licence Fee	19,681 65	41,014 97
Bank Interest Net of Tax	Nil	6 01
Rates refund	Nil	651 10
Misc Refund	44 54	44 54
	<u>19,729 77</u>	<u>91,095 79</u>
COST OF REALISATIONS		
Pre-Appointment Fees	Nil	8,250 00
Office Holders Fees	25,000 00	25,000 00
Collection Fee	Nil	3,787 61
Agents/Valuers Fees (1)	Nil	500 00
Legal Fees (1)	Nil	3,762 12
Statutory Advertising	Nil	435 75
Rents Payable	7,415 63	28,748 95
Other Property Expenses	Nil	1,302 46
Bank Charges	10 00	10 00
	<u>(32,425 63)</u>	<u>(71,796 89)</u>
	<u><u>(12,695 86)</u></u>	<u><u>19,298 90</u></u>
REPRESENTED BY		
Vat Receivable		24,611 91
Floating Current A/c		14,421 22
Vat Payable		(19,734 23)
		<u><u>19,298 90</u></u>

**Kitchen Consultants Ltd
(in Administration)**

**Summary of time costs for the period
25 December 2010 to 7 March 2011**

Staff grade	Administration & planning	Investigation	Asset realisation	Tax	Creditors	Total hours	Time Cost
Partner (£265 per hour)	3 80	-	1 20	1 00	2 40	8 40	2,228 50
Director/Senior Manager (£160 per hour)	-	-	-	0 40	-	0 40	64 00
Manager/Ass't Manager (£200 per hour)	1 00	-	0 40	-	-	1 40	280 00
Administrator/ Trainee (£107 per hour)	14 70	-	11 20	5 17	26 80	57 87	6,169 47
Total	19 50	-	12 80	6 57	29 20	68 07	8,741 97

*The charge out rates shown are the average rates for each grade of staff. The total average time cost is £128 42

Historical charge-out rates

As my firm's fees are based on time costs, Statement of Insolvency Practice 9 requires me to provide you with details of "any material changes in the rates charged for the various grades since the resolution was first passed". I therefore set out below a summary of charge-out rates. You will note that charge-out rates are increased annually. Hourly rates vary depending on market rates, qualifications and experience of various grades of staff.

Period commencing	Partner Hourly rate £	Director/ Senior Manager Hourly rate £	Manager Hourly rate £	Assistant Manager Hourly rate £	Senior Administrator Hourly rate £	Administrator Hourly rate £	Trainee Administrator Hourly rate £	Insolvency Assistant Hourly rate £
April 2010	260 00	N/a	175 00	N/a	122 00	112 00	60 00	44 00
January 2011	275 00	N/a	200 00	N/a	130 00	115 00	70 00	50 00

**Kitchen Consultants Ltd
(in Administration)**

**Summary of time costs for the period
25 June 2010 to 7 March 2011**

Staff grade	Administration & planning	Investigation	Asset realisation	Tax	Creditors	Total hours	Time Cost
Partner (£261 per hour)	11 70	0 90	9 50	1 00	20 40	43 50	11,354 50
Director/Senior Manager (£160 per hour)	-	-	-	0 40	-	0 40	64 00
Manager/Ass't Manager (£178 per hour)	3 20	0 10	1 00		7 50	11 80	2,100 00
Administrator/ Trainee (£103 per hour)	69 40	15 95	57 40	8 42	122 70	273 87	28,164 27
Total	84 30	16 95	67 90	9 82	150 60	329 57	41,682 77

*The charge out rates shown are the average rates for each grade of staff. The total average time cost is £126 47

Historical charge-out rates

As my firm's fees are based on time costs, Statement of Insolvency Practice 9 requires me to provide you with details of "any material changes in the rates charged for the various grades since the resolution was first passed". I therefore set out below a summary of charge-out rates. You will note that charge-out rates are increased annually. Hourly rates vary depending on market rates, qualifications and experience of various grades of staff.

Period commencing	Partner Hourly rate £	Director/ Senior Manager Hourly rate £	Manager Hourly rate £	Assistant Manager Hourly rate £	Senior Administrator Hourly rate £	Administrator Hourly rate £	Trainee Administrator Hourly rate £	Insolvency Assistant Hourly rate £
April 2010	260 00	N/a	175 00	N/a	122 00	112 00	60 00	44 00
January 2011	275 00	N/a	200 00	N/a	130 00	115 00	70 00	50 00

KITCHEN CONSULTANTS LIMITED - IN ADMINISTRATION

Estimated Outcome Statement as at 7 March 2011

Appendix D

Notes	Book Value £	Actual to 7 March 2011 £	Estimated Final	
Fixed Charged Assets				
1	Goodwill	Nil	50,000	141,789
	Bank Interest	Nil	8	8
		Nil	50,008	141,797
Less: Fixed Charged Costs				
	Bank charges	Nil	(20)	(20)
	Legal Fees	Nil	(4,512)	(4,512)
2	Administrator's/Liquidators' Fees	Nil	(4,988)	(14,178)
		Nil	(9,520)	(18,710)
Available under fixed charge				
	Royal Bank of Scotland Plc	(248,250)	(248,250)	(248,250)
	Surplus/(deficit) c/d	(248,250)	(207,762)	(125,163)
Floating Charged Assets				
	Property	2,967	20,000	20,000
	Office equipment	6,878		
	Stock	124,294	24,824	125,000
3	Other debtors	92,031		
	Debtors	437,134		
	Insurance Refund	Nil	4,551	4,551
	Bank Interest	Nil	6	6
	Rates/Misc Refund	Nil	696	696
	Licence Fees/Prop Expenses	Nil	41,015	41,015
4	Inter Company Account	953,619	Nil	Nil
		1,616,923	91,092	191,268
Less: Floating Charged Costs				
	Pre Appointment Fees	Nil	(8,250)	(8,250)
	Collection Fees	Nil	(3,788)	(3,788)
	Agents Fees	Nil	(500)	(500)
	Legal Fees	Nil	(3,762)	(3,762)
	Administrator's Fees	Nil	(41,683)	(41,683)
5	Administrator's Expenses	Nil	(1,825)	(1,936)
	Liquidator's Fees	Nil	Nil	(15,000)
	Bank Charges	Nil	(10)	(10)
	Rents Payable/Prop Expenses	Nil	(41,015)	(41,015)
		Nil	(100,833)	(115,944)
Available for preferential creditors				
		1,616,923	(9,741)	75,324
	Preferential creditors	-	Nil	Nil
Available for floating charge				
		1,616,923	(9,741)	75,324
	Surplus/(deficit) b/d	(248,250)	(207,762)	(125,163)
Available for unsecured creditors				
		1,368,673	(217,503)	(49,839)
	Unsecured creditor	(1,436,664)	(1,436,663)	(1,436,663)
Surplus/(Deficiency) as regards unsecured creditors				
		(67,991)	(1,654,166)	(1,486,502)

KITCHEN CONSULTANTS LIMITED - IN ADMINISTRATION

Notes

- 1 An "upfront" payment of £50,000 has been made for the goodwill. Consideration also includes an "earnout" based on deferred income of 4% of turnover for the period from the date of sale to 31 December 2010 and 2.5% of turnover from the 1 January 2011 for a period of 12 months.
- 2 The Administrator's fee for fixed charge realisations has been agreed with the secured creditor, The Royal Bank of Scotland at 10% of realisations. To date, I have realised £50,000 so am due a fee of £5,000, I have received £4,988 and will be drawing the outstanding sums within the Liquidation. Future fees may be taken in the Liquidation as Liquidator's fees.
- 3 The final realisations figure is based on estimates provided by David Stewart who is assisting me with collections.
- 4 I have written to Larost Holdings Limited demanding repayment of the sums due. Unfortunately the Company is itself insolvent and there is therefore no prospect of recovering this debt.
- 5 I have provided a detailed breakdown of the Administrator's expenses in my previous progress report and in the body of this report.

Additional Information in Relation to Administrator's Fees Pursuant to Statement of Insolvency Practice 9

Appendix E

1 Policy

Detailed below is Peters Elworthy & Moore's policy in relation to

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

1.1 Staff Allocation and the use of Sub-contractors

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

The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

I have utilised the services of David Stewart to assist with book debt and retention collections in this case. A fee totalling 10% of the first £100,000 of book debt realisations, 15% of book debt realisations over £100,000 and 20% of realisations on all retention collections.

1.2 Professional Advisors

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

Name of Professional Advisor	Basis of Fee Arrangement
Taylor Vinters (legal advice)	Hourly rate and disbursements
AUA Insolvency Services Ltd (insurance)	Hourly rate and disbursements
Cheffins (valuation and disposal advice)	Hourly rate and disbursements

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

KITCHEN CONSULTANTS LIMITED - IN ADMINISTRATION

1 3 *Disbursements*

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred which include an element of recharged overhead. On this case the costs have been detailed in the body of the report.

2 *Charge-out Rates*

A schedule of Peters Elworthy & Moore's current charge-out rates for this assignment are attached.

QUESTIONNAIRE FOR CREDITORS

**KITCHEN CONSULTANTS LIMITED
IN LIQUIDATION ("the company")**

- 1 Creditor's name and address

- 2 Claim per proof of debt
£

- 3 When was the most recent purchase order received from the company?

- 4 What is the date of your oldest outstanding invoice?

- 5 When did you become aware that the company had difficulty in making payments?

- 6 Did you agree a repayment plan/payment schedule with the company? YES/NO*
(Please attach details if appropriate)

- 7 Please provide details of any legal action you took to recover the debt (including writs, summons etc)

- 8 Were any of the company's cheques dishonoured? YES/NO*
(Please attach details if appropriate)

- 9 Are there any particular matters which you think should be included in the liquidator's investigations? Please provide details

- 10 Do you authorise me to release the information provided to the investigative bodies, if appropriate? YES/NO*

Signed

Name

Position in company

Date

*Delete as applicable

KITCHEN CONSULTANTS LIMITED – IN LIQUIDATION

CREDITOR'S STATEMENT OF CLAIM

Name and address of creditor _____

Amount claimed in the Administration
(Including VAT) £ _____

Signature of creditor _____

Name of creditor _____

Telephone _____

Fax _____

E-mail _____

Date _____ / _____ / _____

Please provide appropriate documentation in support of your claim

If you are registered for VAT the amount claimed should include VAT even if VAT bad debt relief has been claimed under the Value Added Tax Act 1994

Please return this form when you have completed it to Ben Dyer at Peters Elworthy & Moore, Salisbury House, Station Road, Cambridge CB1 2LA

Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 Value Added Tax Act 1994. In broad terms relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account

Claims lodged in the liquidation should be gross, including any VAT element. If/when dividends are paid, creditors who have claimed VAT bad debt relief must apportion the dividend between VAT and the net element of their claim and account to HM Revenue & Customs for the VAT element through their VAT return.

Insolvency Practitioners have no role in administering VAT bad debt relief under the Value Added Tax Act 1994. Creditors who are uncertain how to claim should contact their VAT office or take professional advice.