

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)

I/We (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 June 2010

To (b) 24 December 2010

Signed


Jent / Administrator(s)

Dated

21/1/11

SATURDAY



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22/01/2011

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COMPANIES HOUSE

**Administrator's Progress
Report**

**For the period
25 June 2010 to 24 December
2010**

**Kitchen Consultants Limited
- In Administration**

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THE ADMINISTRATOR'S PROGRESS REPORT

1 Statutory information

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

2 Progress of the Administration

- 2 1 Attached at Appendix A is my Receipts and Payments Account for the period from 25 June 2010 to 24 December 2010.
- 2 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).
- 2 3 Consideration received included £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.
- 2 4 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.
- 2 5 The strategy remains as outlined in the proposal report dated 8 July 2010.

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2 6 In accordance with Statement of Insolvency Practice No 13 (SIP13), I would advise you that no assets were sold to a Director of the Company

3 Assets still to be realised

3 1 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. I am currently in correspondence with Nicholas Anthony Ltd to ascertain the level of turnover for the period to 31 December 2010, make the necessary calculation and secure payment

3 2 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

4 Pre-administration Costs

4 1 On 27 August 2010 the following amounts in respect of pre-administration costs were approved and have been paid

Name of recipient	Brief description of services provided	Total amount approved
<i>Peters Elworthy & Moore</i>	<i>Marketing of the company & negotiation of the sale to Nicholas Anthony Ltd</i>	<i>£8,250 00</i>
<i>Cheffins</i>	<i>Valuation of stock and office equipment</i>	<i>£587 50</i>

5 Administrator's Remuneration

5 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

5 2 My time costs for the period from 25 June 2010 to 24 December 2010 are £32,940.80. This represents 261.50 hours at an average rate of £125.96 per hour. Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during this period. Since the 24 December 2010 I have incurred a further £2,467.47. To date I have not drawn any fees or disbursements on account, although, I will be raising a bill with this report as approved by creditors

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5 3 Attached as Appendix D 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

5 4 Since the 25 June 2010 the following Category 2 disbursements have been taken

- Photocopying - £175 42

6 Administrator's Expenses

6 1 All expenses incurred and paid are detailed in the attached receipts & payments account and estimated outcome statement I have detailed below a breakdown of those expense which are listed as Administrator's expenses in the estimated outcome statement These expenses have been incurred and I will be raising a bill and paying these with this report

	Administrator's Expenses Incurred £
Company Search	7 00
Specific Penalty Bond	90 00
Photocopying	175 42
Postage	336 63
Travel	191 45
Room Hire	161 70
Courier Services	30 00
Statutory Advertising	382 74
Telephone	14 00
Total	1,388 94

7 Estimated outcome for creditors

7 1 An Estimated Outcome Statement as at 19 January 2011 is attached at Appendix C

7 2 The estimated outcome statement suggests that the secured creditor is expected to receive dividends of 94 50p in the £1 based on estimated final realisations However, there remains the possibility that the secured creditor will be paid in full

Kitchen Consultants Limited - In Administration

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 Creditors' 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 am 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 remains a possibility that there may be a distribution to unsecured creditors.

8 Ending the Administration

8.1 Based on present information, the Administrator still thinks it possible that a dividend may be paid to the unsecured creditors. In this situation, the Administrator will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation (CVL).

8.2 I am proposing to move from Administration to Liquidation as soon as I have received clearance from HM Revenue and Customs. This will allow for the realisation of the remaining assets and to make any possible distributions to secured, preferential and unsecured creditors.

8.3 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.

9 Creditors' rights

9.1 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.

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9 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

10 Next report

10 1 The Administrator is required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised

For and on behalf of
Kitchen Consultants Limited

A handwritten signature in black ink, appearing to read 'Shay Lettice', is written over a horizontal line.

**Shay Lettice
Administrator**

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

To 24/12/2010

	£	£
SECURED ASSETS		
Goodwill	50,000 00	
Bank Interest	<u>8 07</u>	
		50,008 07
COSTS OF REALISATION		
Bank Charges	20 00	
Legal Fees	<u>4,512 12</u>	
		(4,532 12)
SECURED CREDITORS		
Royal Bank of Scotland	<u>40,487 88</u>	
		(40,487 88)
ASSET REALISATIONS		
Furniture & Equipment	10,000 00	
Stock	10,000 00	
Book Debts	24,824 19	
Insurance Refund	4,551 40	
Licence Fee	21,333 32	
Bank Interest Net of Tax	6 01	
Rates refund	651 10	
Misc Refund	<u>44 54</u>	
		71,410 56
COST OF REALISATIONS		
Pre-Appointment Fees	8,250 00	
Collection Fee	3,787 61	
Agents/Valuers Fees (1)	500 00	
Legal Fees (1)	3,762 12	
Statutory Advertising	435 75	
Rents Payable	21,333 32	
Other Property Expenses	1,302 96	
Bank Charges	<u>10 00</u>	
		(39,381 76)
		<u><u>37,016 87</u></u>
REPRESENTED BY		
Vat Receivable		16,854 67
Fixed Current A/c		4,988 07
Floating Current A/c		31,818 10
Vat Payable		(16,643 97)
		<u><u>37,016 87</u></u>

**Kitchen Consultants Ltd
(in Administration)**

**Summary of time costs for the period
25 June 2010 to 24 December 2010**

Staff grade	Administration & planning	Investigation	Asset realisation	Tax	Creditors	Total hours	Time Cost
Partner (£260 per hour)	7 90	0 90	8 30	-	18 00	35 10	9,126 00
Director/Senior Manager (£ per hour)	-	-	-	-	-	-	-
Manager/Ass't Manager (£175 per hour)	2 20	0 10	0 60	-	7 50	10 40	1,820 00
Administrator/ Trainee (£102 per hour)	54 70	15 95	46 20	3 25	95 90	216 00	21,994 80
Total	64 80	16 95	55 10	3 25	121 40	261 50	32,940 80

*The charge out rates shown are the average rates for each grade of staff. The total average time cost is £125 96

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

Estimated Outcome Statement as at 19 January 2011

Appendix C

Notes	Book Value £	Actual to 19 January 2011 £	Estimated Final	
	Fixed Charged Assets			
1	Goodwill	Nil	50,000	160,000
	Bank Interest	Nil	8	8
		Nil	50,008	160,008
	Less: Fixed Charged Costs			
	Bank charges	Nil	(20)	(20)
	Legal Fees	Nil	(4,512)	(4,512)
2	Administrator's Fees	Nil	(4,330)	(16,000)
		Nil	(8,862)	(20,532)
	Available under fixed charge	Nil	41,146	139,476
	Royal Bank of Scotland Plc	(248,250)	(248,250)	(248,250)
	Surplus/(deficit) c/d	(248,250)	(207,104)	(108,774)
	Floating Charged Assets			
	Property	2,967	} 20,000	20,000
	Office equipment	6,878		
	Stock	124,294		
	Other debtors	92,031	} 24,824	125,000
3	Debtors	437,134		
	Insurance Refund	Nil	4,551	4,551
	Bank Interest	Nil	6	6
	Rates/Misc Refund	Nil	696	696
4	Licence Fees/Prop Expenses	Nil	33,000	34,303
5	Inter Company Account	953,619	Nil	Nil
			83,077	184,556
	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)
6	Administrator's Fees	Nil	(35,408)	(37,000)
7	Administrator's Expenses	Nil	(1,825)	(1,936)
	Bank Charges	Nil	(10)	(10)
4	Rents Payable/Prop Expenses	Nil	(34,303)	(34,303)
		Nil	87,846	89,549
	Available for preferential creditors	1,616,923	(4,769)	95,007
	Preferential creditors	-	Nil	Nil
	Available for floating charge	1,616,923	(4,769)	95,007
	Surplus/(deficit) b/d	(248,250)	(207,104)	(108,774)
	Available for unsecured creditors	1,368,673	(211,873)	(13,767)
	Unsecured creditor	(1,436,664)	(1,436,663)	(1,436,663)
	Surplus/(Deficiency) as regards unsecured creditors	(67,991)	(1,648,536)	(1,450,430)

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 £4,330 and will be drawing the outstanding sums shortly. 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 There are sums due under a licence agreement with Nicholas Anthony Limited who occupied the Company's premises. All payments have been paid over to the landlords of the premises.
- 5 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.
- 6 Administrator's fees are calculated on a time costs basis as agreed by creditors. I have estimated that I will incur a further £1,592 finalising the Administration.
- 7 I have provided a detailed breakdown of the Administrator's expenses in the body of this report.

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

Policy

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

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

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

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 Risk Services Ltd (insurance)	Risk based
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

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.

Charge-out Rates

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