

Final

The Insolvency Act 1986

Administrator's progress report

Name of Company Abbey House Services Limited	Company number 06372967
In the High Court of Justice, Chancery Division, Leeds District Registry <small>[full name of court]</small>	Court case number 1201 of 2012

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

I/ We (a) Andrew James Nichols and John William Butler of Redman Nichols Butler, Westminster Business Centre, Nether Poppleton, York, YO26 6RB

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

from

to

(b) Insert dates

(b) 11 September 2012

(b) 6 February 2013

Signed *AK Rite*
Joint / Administrator(s)

Dated 12/2/13



**In the High Court of Justice, Chancery Division, Leeds District Registry
Case No 1201 of 2012**

Abbey House Services Limited - in administration

Final Progress Report

I, John William Butler and my partner, Andrew James Nichols, both of Redman Nichols Butler, Westminster Business Centre, Nether Poppleton, York, YO26 6RB, were appointed joint administrators of Abbey House Services Limited ("the company") by the director, with effect from 11 September 2012

The Joint Administrators act jointly and severally, so that all functions may be exercised by either Administrator.

The administrators' modified proposals were approved by creditors on 23 November 2012

No extensions to the initial period of our appointment have been sought

Receipts and payments account

A summary of our receipts and payments in the period from 11 September 2012 to 6 February 2013 is attached. The account also provides details of transactions during the whole period of the administration.

Asset realisations

My work in dealing with the realisation of the assets of the company can be summarised as follows:-

Asset	Estimated to realise per director's statement of affairs (£)	Actual realisations to date (£)	Comments
Office Equipment	100		The assets were valued by Leonards, agents and valuers, in the sum of £480
Furniture & Fittings	400	500	An offer was received from Mr Moseley t/a Vine Accounting Services in the sum of £500, which the agents advised be accepted This offer was put to the creditors at a meeting of creditors held on 23 November 2012 and they agreed that this offer be accepted Accordingly, the assets were purchased

on 27 November 2012 by Mr Moseley.

Trade debtors	154,498	0	See below
Royal Bank of Scotland	1,803	1,745	This account has now been closed and the balance paid into the estate account
Barclays Bank Plc	119,495	119,139	This account has now been closed and the balance paid into the estate account
Goodwill	0	0	There is no goodwill
Director's Loan Account	20,299	5,000	See below
Inter-company debt – GMH Management Services UK Limited	1,203,775	0	<p>The director believed that this would be recovered in full. However, no payments have been received</p> <p>We have instructed our solicitors, Newtons, to assist with the recovery of this debt</p> <p>This company was placed into creditors' voluntary liquidation (see below)</p>
Inter-company debt – Surepay Limited	4,639,990	0	<p>The director believed that this would be recovered in full. However, no payments have been received</p> <p>We had instructed our solicitors, Newtons, to assist with the recovery of this debt</p> <p>However, the company was placed into creditors' voluntary liquidation on 15 January 2013 and John Twizell of Geoffrey Martin & Co was appointed liquidator. See below.</p>
Sundry receipt	-	712	This was not on the statement of affairs but relates to a business rates refund
Cash in hand	-	2,000	This was not on the statement of affairs but relates to monies held by Redman Nichols Butler, in their firm's client account pre the appointment of the administrators and has been recovered in full
Sale of business - 0 25% net turnover	-	2,973	See below

The prescribed part / Secured creditor

The provisions of Section 176A of The Insolvency Act 1986 relating to a prescribed part are relevant in these proceedings as there is a floating charge created after 15 September 2003.

However, it is understood that the bank are no longer owed any monies so there will be no prescribed part distribution

Dividend prospects for preferential unsecured creditors

The preferential unsecured creditors have been paid in full.

Dividend prospects for non-preferential unsecured creditors and agreement of creditors' claims

Based on present information, it is uncertain as to whether there will be a return to the non-preferential unsecured creditors in this case

Company position following the administration

In accordance with the administrators modified proposals approved by creditors on 23 November 2012 the company has now proceeded into liquidation and Mark Granville Firmin and Howard Smith of KPMG LLP, 1 The Embankment, Neville Street, Leeds, LS1 4DW have been appointed as joint liquidators

Statement of Insolvency Practice 13 – Acquisition of assets of insolvent companies by directors

Statement of Insolvency Practice 13 provides that I am required to disclose to creditors and members at the first available opportunity after my appointment any transactions with connected parties made after my appointment. As previously reported, in this case the assets were sold to Mr S Moseley t/a Vine Accounting Services for the sum of £500 plus VAT on 27 November 2012. The creditors, at the meeting held on 23 November 2012, agreed to this sale.

Company Directors Disqualification Act 1986

I have complied with my duties under the provisions of the Company Directors Disqualification Act 1986. However, I am not able to disclose to creditors the content of my report.

Administrators' investigations into the affairs of the company

A substantial amount of time and effort has gone into investigating the affairs of the company prior to my appointment as joint administrator and to identifying assets which were not listed on the statement of affairs.

Given the complexity of the case, JWP Creers, an independent firm of accountants, were instructed to assist with the preparation of accounts for the period prior to my appointment in order to assist with my investigations

Inter-company debts

Per the statement of affairs the deficiency to creditors is £1,767,465. The assets in the statement of affairs include debts due from GMH Management Services (UK) Limited ("GMH") of £1,203,775 and Surepay Limited ("Surepay") of £4,639,990. These are connected companies

Surepay and GMH have subsequently entered into creditors' voluntary liquidation GMH is a debtor of Surepay and the company. The joint liquidators of GMH have been unable to provide an explanation of GMH's assets and as a result the return to the company from these sources is uncertain.

It will be left to the subsequently appointed liquidators to consider whether there are any claims or rights of action against the former director. These include but are not limited to wrongful / fraudulent trading and misfeasance

Director's loan account

According to the director's statement of affairs, the loan account stood at £20,299. The director provided the administrators with a number of post-dated cheques to cover this amount. However, only one cheque in the sum of £5,000 cleared. The remaining cheques were returned. A bankruptcy petition has been served on the director as a result of the unpaid director's loan account.

Upon our investigations into the affairs of the company, it appears that the actual amount of the loan account is in excess of £1 million. It will be left to the liquidator to investigate and realise this amount.

Our investigations have also identified a property which appears to have been purchased by the company. The property was purchased for approximately £130,000 in late 2011 / early 2012. Company monies were used for the purchase but the property is registered in the names of the director and his wife.

Newtons solicitors have registered a restriction against this property.

Unexplained expenses

The company has also made a number of unexplained payments in the period prior to my appointment which will require further investigation by the joint liquidators to see whether any potential recoveries can be made for the company.

Trade debtors

According to the director's statement of affairs, there were two trade debts outstanding.

Upon my appointment I wrote to these debtors and both amounts were disputed.

I have since passed these to our solicitors to recover.

Whilst carrying out my investigations into the affairs of the company it has come to my attention that there are, in fact, considerably more debts due to the company and I have now written to these debtors requesting payment. To date, no monies have been received.

Sale of business

It appears that some of the contracts had been sold pre administration to Cornerstone Construction Solutions Limited ("Cornerstone"). Part of the sales agreement was that Cornerstone pay the company 0.25% of net turnover. This has now been received in full. This was not listed on the director's statement of affairs.

It will be left to the subsequently appointed liquidator to review this transaction and confirm whether fair market value was received.

Claim against Marmac Limited – in liquidation

Marmac Limited is an associated company and entered into liquidation in December 2010. It appears from the company's records that the company was owed £378,765 by Marmac Limited when it entered into liquidation. We understand the director has submitted a nil claim in the liquidation. There appears to be a return to unsecured creditors from the liquidation of Marmac Limited and consequently it will be left to the joint liquidators to claim any dividend from Marmac Limited.

It appears that prior to my appointment, the company paid monies to the liquidators of Marmac Limited for the purchase of the business. It will be left to the subsequently appointed liquidators to advise whether they have a claim on any monies paid to the liquidators of Marmac Limited.

Creditors' Committee

A creditors' committee has not been appointed in this case.

Statement of Insolvency Practice 9 – Remuneration of insolvency office holders

Statement of Insolvency Practice 9 provides that we are required to disclose to creditors our firm's time costs to date, together with an analysis of the types of work that we have undertaken in administering this case.

In addition, we are required to disclose how much has been drawn by our firm from estate funds in respect of remuneration and on what basis these sums were drawn as well as who and when these sums were sanctioned.

We are also required to advise creditors what disbursements have been recovered from the administration estate. Category 1 disbursements are disbursements which are directly referable to the insolvent estate and relate to a payment to an independent third party.

Category 2 disbursements are directly referable to the insolvent estate in question but the payment is not to an independent third party.

A creditors' guide to Redman Nichols Butler fees and disbursements is attached.

A copy of the creditors' guide to administrator's fees is available at www.insolvency-practitioners.org.uk This guide sets out how the basis of the remuneration of an administrator is assessed, who agrees the quantum and drawing of that remuneration and various other matters relating to an administrator's remuneration and recovery of disbursements generally.

Our firm's current charge out rates

Our firm's current charge out rates are as follows:-

Grade	Rate (£) from 1 May 2011
Partner	280
Senior Manager	250
Manager	230
Assistant Manager	205
Administrator	155
Support staff	90

Pre Administration Order costs

Our firm's costs in assisting the directors in the period to 11 September 2012, based on time costs at our usual rates, total £5,374. The administrators' modified proposals, as approved provided for these costs to be paid as an expense of the administration. The sum of £5,374 has been drawn in this regard. The company also instructed Newtons solicitors to assist to place the company into administration at this time on a time cost basis.

Our firm's time costs to date in administering this case and an estimated analysis of the types of work carried out on it

Our firm's time costs in dealing with the proper administration of this case for the period 11 September 2012 to 6 February 2013 total £59,441. An estimated analysis by reference to the types of work carried out on this administration can be found on the attached schedules together with a guide to fees and expenses of Redman Nichols Butler.

The description of the types of work involved in each category is detailed below:

- **Administration and Planning** – Includes dealing with all statutory matters required by legislation and professional guidelines including periodic returns and reports, internal case review and case progression matters including planning, set-up and maintenance of records.

- Realisation of Assets – Includes dealing with agents regarding the realisation of the Company assets as well as obtaining valuations of any assets and the collection of assets.
- Investigation – Review of the Company records and the general investigation required towards the submission of returns pursuant to the Company Directors Disqualification Act 1986.
- Trading – Communication with employees, suppliers and customers and monitoring the on-going trading position.
- Creditors – General communication, receipt and agreement of claims

Funds drawn to date on account of remuneration

You are advised that, to date we have drawn £59,400 on account of our firm's remuneration.

Basis of amount of administrators' remuneration, who agreed that basis and when

The administrators' modified proposals which were approved by creditors on 23 November 2012 provided that the administrators remuneration be fixed by reference to time properly spent by them and their staff in managing the administration and that the administrators be authorised to draw remuneration on a time cost basis on account

Creditors' request for further information

Rule 2.48A of the Insolvency Rules 1986 states that, within 21 days of receipt of this progress report -

- i) a secured creditor, or
- ii) a unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or

with the permission of the court upon an application made within the 21 days any unsecured creditor may make a request in writing to the liquidator for further information about remuneration or expenses set out in the draft report

The administration must, within 14 days of receipt of the request, respond accordingly.

Right of challenge

If a creditor believes that the office holders' remuneration is, in all the circumstances excessive, the basis inappropriate, or the expenses incurred by the office holder are, in all the circumstances, excessive he may, provided certain conditions are met, apply to the court.

The application to court may be made by.

- Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the court

The application must, subject to any order of the court, be made no later than 8 weeks, after receipt by the applicant of this progress report.

Administrator's/Redman Nichols Butler expenses

To date we have recovered £972 in respect of Category 1 and Category 2 expenses, these are detailed on the attached schedule

Professionals engaged to assist the administrators to carry out their duties

<i>Firm</i>	<i>Fees paid to date (£)</i>	<i>Basis of those fees</i>	<i>Brief description of work carried out</i>	<i>Basis of review of reasonableness of fees</i>
Leonards - agents	585	Time costs	Assistance and advice re valuation, marketing and realisation of the company's assets	verified
Practical Network Solutions Limited – agents	295	Time costs	To attend site and take a backup of the electronic accounting records Also, to remove the company's computers	verified
Newtons Solicitors Limited - solicitors	17,782	Time costs	To assist in placing the company into administration, attend various meetings, including the meetings of creditors, to assist in the realisation of the outstanding inter-company debts and trading debts and the director's loan account, including petitioning for the bankruptcy of the director	verified
JWP Creers LLP – accountants	14,100	Time Costs	To assist in drafting final accounts, advising on the level of the director's loan account and inter-company debts	verified

Conclusion

This case now proceeds within the liquidation process. Creditors requiring further information regarding the case should direct their queries to Messrs Firmin and Smith at KPMG LLP, 1 The Embankment, Neville Street, Leeds, LS1 4DW.



J W Butler
Joint Administrator
6 February 2013

Abbey House Services Limited - in administration

Receipts and payments account from 11 September 2012 to 6 February 2013

Receipts	£	£
Cash at bank	120,884	
Cash in hand of accountants	2,000	
0.25% Net turnover	2,973	
Director's loan account	5,000	
Sale of assets	500	
Interest	52	
Sundry receipt	<u>712</u>	
Total receipts		132,121
 Costs and expenses of administration		
Accountants fees	14,100	
Agents fees	880	
Bankruptcy petition fees	920	
CHAPS fee	20	
Dividend to preferential creditors	4,007	
Legal fees	17,782	
Office holders' remuneration	59,400	
Office holders' expenses	972	
Pre Administration fees - solicitors	840	
Pre Administration fees - Redman Nichols Butler	5,374	
VAT - recoverable	<u>19,751</u>	
Total payments		<u>124,048</u>
Balance in hand		8,074

HOURS							
Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	27 67	47 25	12 55	8 28	95 75	22,047 37	230 26
Investigations	57 65	13 25	0 00	0 00	70 90	19,189 58	270 66
Realisation of Assets	18 50	11 92	0 00	0 00	30 42	7,920 84	260 41
Creditors	13 33	16 92	12 75	0 50	43 50	10,282 91	236 39
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Fees Claimed £	32,802 04	20,546 68	5,186 48	905 50		59,440 70	
Total Hours	117 15	89 33	25 30	8 78	240 57		
Average Rate	280 00	230 00	205 00	103 09			

CATEGORY 1 + 2 DISBURSEMENTS

Type & Purpose	Amount £
05/11/2012 Category 2 - Printing & Photocopying Proposals to creditors	6 00
05/11/2012 Category 2 - Postage	7 80
05/10/2012 Category 1 - Company Search	3 00
14/09/2012 Category 2 - Printing & Photocopying notice of appointment to creditors	8 40
14/09/2012 Category 2 - Postage notice of appointment to creditors	7 20
05/10/2012 Category 1 - Advertising Appointment of administrator	60 00
11/10/2012 Category 1 - Bordereau	562 50
16/10/2012 Category 2 - Mileage MT mileage	30 50
12/11/2012 Category 2 - Mileage SC	54 63
21/11/2012 Category 2 - Printing & Photocopying Letter to creditors re Adjourned meeting	3 00
21/11/2012 Category 2 - Postage Letter to creditors re Adjourned meeting	7 80
23/11/2012 Category 1 - Advertising Meeting of creditors	91 75
28/11/2012 Category 2 - Printing & Photocopying Approved proposals	9 00
28/11/2012 Category 2 - Postage Approved proposals	6 50
07/01/2013 Category 2 - Mileage SC Mileage	34 20
07/01/2013 Category 1 - Room Hire Room hire	20 00
13/12/2012 Category 1 - Room Hire NOV 12	60 00
	972 28

A creditor's guide to the fees and disbursements charged by Redman Nichols Butler

Insolvency Practitioner's Fees

Where it has been agreed by a resolution of creditors or the creditors' committee that the office holders' remuneration will be calculated by reference to the time properly given by the office holder and his staff in attending to matters arising in the administration of the insolvency estate, at the following hourly charge out rates -

Grade	Rate (£) to 30 April 2011	Rate (£) from 1 May 2011
Partner	280	280
Senior Manager	230	250
Manager	205	230
Assistant Manager	175	205
Administrator	155	155
Support staff	90	90

These rates are our current hourly charge out rates and are exclusive of value added tax. Our charge-out rates are reviewed periodically and creditors will be advised of any alteration thereto. Time is recorded in one minute units.

Disbursements of Redman Nichols Butler

From time to time, we will incur disbursements on behalf of insolvent estates. The reimbursement of these disbursements will be a charge against the insolvent estate to which they relate. These disbursements can be split into two categories, Category 1 and Category 2.

Category 1 disbursements are disbursements which are directly referable to the insolvent estate and relate to a payment to an independent third party. We seek to recover these types of disbursement. Approval is not required to recover these disbursements and these include insolvency bonds, advertising, company searches and post redirection orders.

Category 2 disbursements are directly referable to the insolvent estate in question but the payment is not to an independent third party. They may include shared or allocated costs that can be allocated to the insolvent estate on a proper and reasonable basis, for example, business mileage. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance.

Category 2 disbursements are recharged at the following rates:

Mileage	45 pence per mile
Printing & Photocopying	10 pence per sheet
Postage	Prevailing rates
Archive boxes	£5 per box

The charges above are subject to annual increments and creditors will be advised of these in future circulars.

From time to time we instruct a firm of agents, Ulllyotts, to act for the insolvent estate. Ulllyotts are an associated business. Where Ulllyotts are instructed, their fees will either be charged by reference to time costs properly incurred, calculated in one minute units at an hourly rate of between £150 – £225, plus their disbursements, or on a percentage basis. These costs are typical of agents in this geographical area.