

The Insolvency Act 1986  
**Administrator's progress report**

Name of Company  
KFC Realisations Limited formerly Key Financial Claims Limited

Company number  
07022415

In the  
Chancery Division, Manchester District Registry  
(full name of court)

Court case number  
3192 of 2015

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

I/We (a)  
Christopher James Farrington  
Deloitte LLP  
Four Brindleyplace  
Birmingham  
B1 2HZ

Daniel James Mark Smith  
Deloitte LLP  
PO Box 500  
2 Hardman Street  
Manchester  
M60 2AT

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

(b) Insert date

From  
(b) 30 November 2015

To  
(b) 29 May 2016

Signed

  
Joint / Administrator(s)

Dated

21/6/16

**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

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DX Exchange



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22/06/2016  
COMPANIES HOUSE

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**

# **Deloitte.**

## **KFC Realisations Limited formerly Key Financial Claims Limited (In Administration) (“the Company”)**

Court Case No 3192 of 2015  
High Court of Justice, Chancery  
Division, Manchester District  
Registry  
Company Number 07022415

**Registered Office: c/o Deloitte LLP, Four Brindleyplace, Birmingham, B1 2HZ**

**Progress report to creditors for the period 30 November 2015 to 29 May 2016 pursuant to Rule 2.47 of the Insolvency Rules 1986 (as amended) (“the Rules”).**

Christopher James Farrington and Daniel James Mark Smith (“the Joint Administrators”) were appointed Joint Administrators of KFC Realisations Limited formerly Key Financial Claims Limited on 30 November 2015. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP (“Deloitte”) are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

For the purposes of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 (as amended) (“the Act”), the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

Council Regulation (EC) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

**21 June 2016**

## Contacts

### Joint Administrators of the Company

Christopher James Farrington

Daniel James Mark Smith

Deloitte LLP

Four Brindleyplace

Birmingham

B1 2HZ

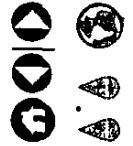
### Contact details

Email [wpackwood@Deloitte.co.uk](mailto:wpackwood@Deloitte.co.uk)

Website <http://www.deloitte-insolvencies.com/keyfinancialclaims/limited>

limited

Tel 0121 696 8661



## Key messages

### Commentary

#### Purpose of administration

- The purpose of the administration is to achieve a better result for the Company's creditors as a whole than through an immediate liquidation of the Company

#### Progress of administration

- Following the sale of the business, the Joint Administrators have realised £39k from book debt sales during the period and continue to make collections
- In addition to the above, the Company will receive 10% of FMS' revenue from collecting the KFC pipeline, and 2.5% of FMS' own revenues

#### Costs

- The basis of our remuneration has been fixed by reference to time costs as set out in the fees estimate on page 12. We estimate that our time costs for duration of the appointment will not exceed our original fee estimate of £218,043. Please refer to page 11 for further details
- The Joint Administrators have drawn remuneration of £100,000 to date against total time costs of £154,030. Further detail on the Joint Administrators' time costs are set out in the analysis on page 12

#### Outstanding matters

- Conclude debtor collections and pipeline recoveries
- Realise the Directors' loan accounts
- Finalise the wind down costs incurred during the administration closure period




#### Dividend prospects

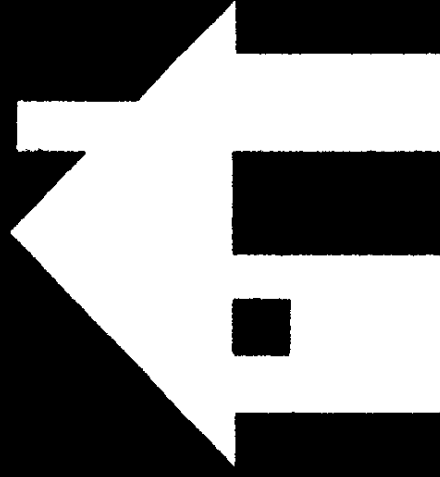
On current information, we anticipate the following outcome for each category of creditor

- Secured creditors – The Company has no secured creditors
- Preferential creditors – There will be sufficient realisations to enable payment in full of preferential claims
- Unsecured creditors – It is likely there will be a distribution to unsecured creditors

#### Extension to administration period

It is possible that it will be necessary to extend the period of the administration, which is due to end on or before 29 October 2016, to recover all of the remaining pipeline and book debts

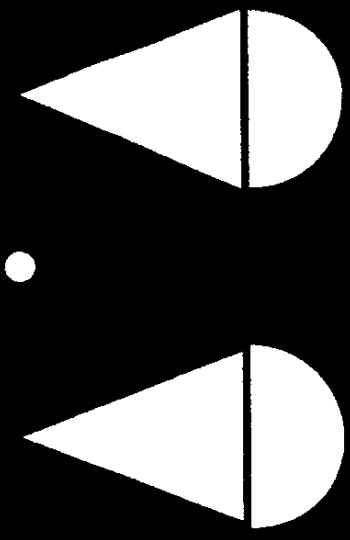
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 **Progress of the administration**

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# Progress of the administration Summary

## Progress of the administration

### Work done since our last report

#### Trading

The Joint Administrators' trading sales of £52,135 plus VAT have been received in full, along with a further £2,689 plus VAT from Family Money Savers Limited ("FMS") as a contribution to head office costs

The costs associated with this short trading period have not yet been finalised and we continue to liaise with the suppliers to settle these costs and finalise the trading surplus. A detailed trading account is provided on page 7

#### Book debts

As at the date of our appointment, the Company's sales ledger showed pre-appointment book debts of £43,370. To date, we have collected £39,414 and continue to liaise with the remaining three debtors regarding repayment of outstanding balances

#### Pipeline

As part of the sale of the business to FMS the Company will receive 10% of FMS' revenue from collecting the KFC pipeline, and 2.5% of FMS' own revenues of which the Company previously received 15%. Receipt of this revenue remains ongoing

## Client account funds

Funds totalling £12,059 have been received from the Company's client account. These funds relate to historical clients' claims whereby the lender has eventually paid the Company the compensation but the Company has been unable to locate or trace the client. Further work is now being undertaken to trace the clients and if there remain unallocated funds the Joint Administrators will consider applying to Court for directions for dealing with these funds

## Third party funds

Funds totalling £22,707k have been received in respect of third party funds and will be transferred in due course

## Directors' loan Account

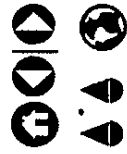
Directors' loans advanced to Daniel Gale and Paul Wood which were in the process of being repaid prior to the appointment of the Administrators continue to be collected and funds totalling £1,750 have been received to date

## Statutory tasks

During the period we have carried out the following tasks which primarily relate to fulfilment of statutory and compliance obligations and other tasks of an administrative nature

- case set-up and management
- appointment notifications and correspondence with creditors
- CDDA reporting
- cashing functions

These tasks are a necessary part of the engagement but do not generate any direct financial benefit for creditors



## Progress of the administration Summary

### Investigations

We have complied with our statutory duty to report on the conduct of the Company's directors and submitted our confidential report to the Insolvency Service on 19 May 2016

We have reviewed the information available to assess whether there are any matters that might lead to a recovery for the benefit of creditors, such as potential claims that may be brought against parties either connected to or who have had past dealings with the Company

Having completed this review no further avenues of recovery have been identified

If you have any information that you feel should be brought to our attention, please contact us in writing using the Contact details on Page 1 above

### Cost of the work done during the report period

The costs and expenses incurred during the report period are detailed below on page 13

Overall, we do not anticipate that the total costs and expenses will exceed the estimates provided in our proposals

We anticipate that the following expenses will be incurred for the duration of the appointment

- Specific Penalty Bond – mandatory insurance cover of £230 to protect the estate in the event of loss
- Statutory Advertising - we are required to give notice by advert in the London Gazette of the following matters our appointment, the initial meeting of creditors to consider our proposals; proposed distributions to unsecured creditors. We estimate costs in this regard will be £260 plus VAT and to date only £85 has been incurred and paid
- Legal Costs – Howes Percival LLP were instructed to assist in the following matters

- Appointment Process – Oversee the appointment process, including filing the Notices of Intention to Appoint Administrators, drafting the appointment documentation and ensuring the Administrators were validly appointed.

- Sale of Business – Advise the Administrators on their ability to sell the Company's claims pipeline; as well as drafting the sale and purchase agreement and liaising with the solicitors acting for the purchaser

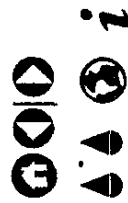
- Unsecured Dividend – Making an application to court to obtain permission for the Administrators to pay an unsecured dividend to creditors in administration, rather than having the Company placed into CVL

- Howes Percival estimate their fees and disbursements for undertaking the above will be £19,500 plus VAT and have been paid £13,819 during the period

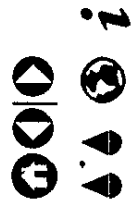
- Agents' Costs – we have instructed agents to assist in the following matter

- Asset Valuations – GVA Grimley Limited ("GVA") have been instructed to undertake an inventory of the Company's tangible assets and to provide both in-situ and ex-situ valuations. Their fees for doing so were £1,670 plus VAT. These costs have been paid in full

All professional costs will be reviewed and analysed in detail before payment is approved



# Progress of the administration Receipts and payments



## Joint Administrators' receipts and payments account From 30 November 2015 to 29 May 2016

	Period		To date
<b>Receipts</b>			
Trading surplus	-	28,320	28,320
Goodwill	-	1	1
Intellectual Property Rights	-	1	1
Customer Contracts	-	1	1
Company Records	-	1	1
FMS Pipeline	-	4,173	4,173
KFC Pipeline	129,224	45,158	45,158
Office Furn and Equipment	17,675	10,000	10,000
Cash at bank	132,307	132,614	132,614
Book debts	43,370	39,414	39,414
Directors loans	9,032	1,750	1,750
Client Account Funds	-	12,059	12,059
Suspense Account	-	313	313
Bank interest gross	-	173	173
Third Party Monies	-	22,707	22,707
<b>Total receipts</b>	<b>331,602</b>	<b>296,686</b>	<b>296,686</b>
<b>Payments</b>			
Bank Charges		(142)	(142)
Administrators' Fees		(100,000)	(100,000)
Administrators' Expenses		(225)	(225)
Agents/Valuers Fees		(1,670)	(1,670)
Legal Fees		(13,819)	(13,819)
Legal Expenses		(100)	(100)
Statutory Advertising		(65)	(65)
Website costs		(500)	(500)
Specific bond		(115)	(115)
<b>Total payments</b>		<b>(116,655)</b>	<b>(116,655)</b>
<b>Balance</b>			<b>180,031</b>
<b>Made up of</b>			
VAT Receivable	2		26,194
Bank balance	1		164,801
VAT Payable	2		(10,965)
<b>Balance in hand</b>			<b>180,031</b>

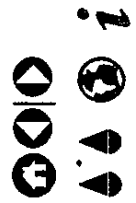
A receipts and payments account together with a separate trading account is provided opposite and on the next page, detailing the transactions in the administration to 29 May 2016, and all transactions since the date of our appointment

### Notes to receipts and payments account

- All funds are held in an interest bearing bank account. The associated corporation tax on interest received will be accounted for to HM Revenue & Customs.
- All sums shown are net of VAT, which is recoverable and will be accounted for to HM Revenue & Customs in due course.
- Funds held in the Company's client account for compensation at the date of appointment where the client cannot be traced.
- Monies held in suspense accounts have been received but belong to third party funds and will be transferred in due course.



## Progress of the administration Receipts and payments



### Joint Administrators' trading account From 30 November 2015 to 29 May 2016

£	To date	Estimated future movements	Estimated outcome
<b>Receipts</b>			
Sales	52,135	-	52,135
Court to Head Office Costs	2,689	-	2,689
<b>Total receipts</b>	<b>54,824</b>	-	<b>54,824</b>
<b>Payments</b>			
Direct Labour	9,911	-	9,911
Consultancy Fees	1,858	-	1,858
Rent	8,101	-	8,101
Service Charge	3,730	-	3,730
Rates	-	2,626	2,626
Water	-	113	113
Electricity	456	104	560
Telephone/Internet	830	-	830
Postage	392	-	392
Cleaning	-	420	420
Payroll	1,050	-	1,050
Insurance	175	-	175
<b>Total payments</b>	<b>26,504</b>	<b>3,263</b>	<b>29,767</b>
<b>Trading surplus</b>	<b>28,320</b>	-	<b>25,057</b>

Our trading account shown opposite has been prepared on a cash basis as at 29 May 2016'

#### Receipts

The Administrators' trading sales totalled £52k and payment has been received in full

The contribution to head office costs is a payment from FMS to cover rent, service charge and rates incurred for two days post-completion whilst they vacated the head office to move to new premises

#### Payments

Please note not all final invoices have been received from suppliers these figures do not reflect the final trading outcome which will generate a modest surplus for the administration estate



## Information for creditors

Outcome

9



## Information for creditors Outcome

### Secured creditors

The Company has no secured creditors

### Preferential creditors

Preferential creditors consist of amounts owed to the Company's employees for holiday pay. We estimate that there will be 28 preferential claims totalling c. £16,000, which we anticipate being able to pay in full during the administration.

### Prescribed Part

As there are no secured creditors with floating charges, the Prescribed Part provisions will not apply to this case.

### Unsecured creditors

The directors' statement of affairs shows 25 unsecured creditors with estimated non-preferential claims totalling c. £9.2m, however it should be noted that £4.4m of this amount is contingent based on the outcome of an ongoing VAT tribunal.

Following the payment of the preferential creditors in full, we anticipate that there will be sufficient asset realisations to enable a distribution to be made to unsecured creditors but are unable to provide an estimate of quantum at this stage.

### Claims process

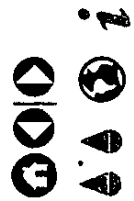
Unsecured creditors are invited to submit their claims to us by completing a proof of debt form which is available on the administration website and which should be sent to the address on page 1 marked for the attention of Wendy Packwood.

### Extensions to the administration

We anticipate at this stage that it may be necessary to extend the period of the administration which is due to end on or before 29 October 2016 in order to complete the asset realisations.

### Exit

As detailed in our proposals, in this case, we will request approval from the creditors for us to be discharged from liability as at the date the Registrar of Companies registers the Joint Administrators' final progress report.



**i Remuneration and expenses**

Joint Administrators remuneration 11

**i**



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## Remuneration and expenses

### Joint Administrators' remuneration

#### Administrators' remuneration

"A Creditors' Guide to Remuneration" is available for download at <http://www.deloitte-insolvencies.com/keyfinancialclaims/limited>.

Should you require a paper copy, please send your request in writing to us at the address on Page 1 of this report and this will be provided to you at no cost.

#### **Basis of remuneration**

The basis of our remuneration was fixed on 5 February 2016 by a meeting of creditors by correspondence by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the administration

#### **Time costs incurred; the SIP**

A copy of our Fees Estimate detailing the work that we anticipate will need to be undertaken on this case for the duration of the appointment together with estimates of the likely cost and amount of time that each part of that work will take to complete is provided on Page 13

We have also updated the Fees Estimate to provide details of our actual time costs to 29 May 2016, which total £154,030 made up of 406.5 of hours at an average charge out rate of £379 across all grades of staff

#### **Variances to budget estimates**

##### **Statutory and compliances**

Additional costs associated with statutory duties include an increased time spent in dealing with an unforeseen audit of the client account which was not budgeted for

##### **Initial actions**

There has been a reallocation of time but overall across the three task categories we remain within budget

##### **Third party assets**

Additional time costs incurred dealing with the collection of third party assets from the Company's site as the landlord would not allow third parties access to the site without the Administrators' attendance

##### **Book debts**

The costs associated with the recovery of the Directors loan account and the book debt collections have been greater than initially anticipated as there are a number of debtors we were unaware of managed by a debt management company. Further costs will be incurred to finalise these asset recoveries

##### **Sale of business**

Additional time has been incurred dealing with the deferred consideration element of the sale proceeds when reconciling the position with the purchaser of the business. There are likely to be further costs incurred to finalise this realisation

##### **Closure of trading**

It has taken more time than originally anticipated to finalise the trading costs and obtain final invoices for utilities, rent, etc

##### **Employee correspondence**

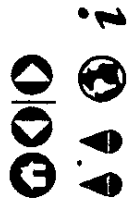
There has been considerably more time spent dealing with employee queries, including one unforeseen issue regarding holiday entitlements



## Fees Estimate and Joint Liquidators' time costs for the period 30 November 2015 to 29 May 2016

All partners and technical staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

Activity	Estimated hours	Avg Rate £/h	Estimated total time costs	Hours incurred so far	Avg Rate £/h	Time costs incurred so far (£)
Administrative activities*	Cashiering	51.5	418	21,515		
	Case supervision	49.8	380	18,930	20.4	335
	Case reviews	12.6	317	3,988	25.8	378
	Case closure matters	8.5	349	2,970	-	-
	External joint appointments	-	-	0	-	-
Statutory & compliance*	Compliance & IPS diary	14.4	360	5,184	17.0	337
	Insurance	2.9	422	1,214	0.8	335
	General reporting	80.3	362	29,085	47.7	416
	Statutory meetings	-	-	0	3.5	371
	Regulatory & other legislation	3.8	390	1,296	0.7	396
Initial actions*	Court applications	10.5	532	5,583	-	-
	Appointment matters	2.5	552	1,380	16.3	249
	Securing assets	13.1	440	5,746	13.0	335
	Notifications	22.7	327	7,401	8.5	487
	CDDA reporting	18.0	343	6,170	13.2	337
Investigations	Investigations	8.5	399	3,390	5.5	404
	Tax	6.4	319	2,044	2.5	430
	VAT	38.0	323	12,277	15.9	432
	Third party assets	2.0	430	860	3.0	430
	Book debts	9.0	313	2,820	11.4	406
Asset realisations	Chattel assets	-	-	0	-	-
	Other assets	-	-	0	0.2	335
	Property	3.0	430	1,290	0.9	220
	Retention of title	-	-	0	-	-
	Sale of business	60.0	273	16,350	50.1	506
Trading	Antecedent transactions	-	-	0	-	-
	Day 1 control of trading	5.0	430	2,150	5.0	430
	Ongoing trading	3.0	430	1,290	4.5	398
	Monitoring trading	28.5	430	12,255	28.5	430
	Closure of trade	28.0	352	9,856	30.3	433
Employees	Consultation	4.0	409	1,636	0.3	760
	Correspondence	47.2	262	12,362	62.9	260
	Employment tribunals	-	-	0	-	-
	Pensions	0.5	335	168	-	-
	Creditors	25.5	277	7,059	18.8	294
Correspondence	Committee	-	-	0	-	-
	Shareholders	0.1	335	34	-	-
	Customers	-	-	0	-	-
	Press & media queries	-	-	0	-	-
	Secured creditors	-	-	0	-	-
Distributions	Preferred creditors	33.9	297	10,068	-	-
	Unsecured creditors	36.9	252	9,287	-	-
	Shareholder	-	-	0	-	-
	Total	627.7	342	214,951	406.5	379.0



## Remuneration and expenses

### Detailed information

#### Disbursements

Our disbursements to date are in line with estimates provided in the proposals and are summarised below

#### Category 1 disbursements

£ (net)	Value	Paid	Unpaid
Storage	63	-	63
Subsistence	45	45	-
Bordereau	230	115	115
<b>Total expenses</b>	<b>338</b>	<b>160</b>	<b>178</b>

#### Category 2 disbursements

£ (net)	Value	Paid	Unpaid
Mileage and travel	180	180	-
Website set up	500	500	-
<b>Total disbursements</b>	<b>680</b>	<b>680</b>	<b>-</b>

Mileage is calculated at the prevailing standard mileage rate of up to 45p used by Deloitte at the time when the mileage is incurred

Our disbursements have been partially recovered

#### Creditors' right to request information

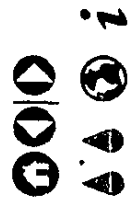
Any secured creditor or unsecured creditor (with the support of at least 5% in value of the unsecured creditors or with leave of the Court) may, in writing, request us to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 2.47(1)(fa) and 2.48A of the Rules.

#### Creditors' right to challenge remuneration and/or expenses

Any secured creditor or unsecured creditor (with the support of at least 10% in value of the unsecured creditors or with leave of the Court) may apply to the Court for one or more orders (in accordance with Rule 2.109(4) of the Rules), reducing the amount or the basis of remuneration which we are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of in accordance with Rule 2.109 of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.



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