

The Insolvency Act 1986

Administrator's progress report

Name of Company Killby & Gayford Limited	Company number 00628491
In the High Court of Justice, Chancery Division, Companies Court [full name of court]	Court case number 3247 of 2012

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

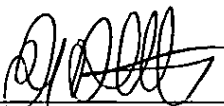
We (a) Danny Dartnaill and Shay Bannon of BDO LLP, Kings Wharf, 20-30 Kings Road, Reading, Berkshire, RG1 3EX

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

(b) Insert date

From	to
(b) 18 October 2012	(b) 12 April 2013

Signed


Joint administrator(s)

Dated

12/4/13

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.

BDO LLP, Kings Wharf, 20-30 Kings Road,	
Reading, Berkshire, RG1 3EX	
Our Ref MHT/MW/00178204/C15	Tel 0118 925 4400
DX Number	DX Exchange

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

TUESDAY



LD5

16/04/2013
COMPANIES HOUSE

#51

12 April 2013

Your Ref -CREF-
Our Ref MHT/MW/00178204/A6Please ask for
Martin Woodhall
0118 925 4436**TO ALL CREDITORS**

Dear Sirs

Killby & Gayford Limited - In Administration ("the Company")

I now supply my final report in respect of this Administration

1 STATUTORY INFORMATION

- 1 1 The Joint Administrators are myself and Shay Bannon of BDO LLP, Kings Wharf, 20-30 Kings Road, Reading, Berkshire, RG1 3EX and we were appointed in respect of the Company on 18 April 2012. Under the provisions of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, the Joint Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function
- 1 2 The Joint Administrators were appointed by the directors of the Company pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the High Court of Justice, Chancery Division and the Court case number is 3247 of 2012.
- 1 3 The Company's registered office is situated at 55 Baker Street, London, W1U 7EU and the registered number is 00628491.
- 1 4 I enclose a summary of my Receipts and Payments to date showing a balance in hand of £1,190,069, together with a copy of my Receipts and Payments covering the final period of the Administration, and report as follows

2 RECEIPTS & PAYMENTS

- 2 1 The receipts shown are largely self-explanatory, although I would comment specifically on the following

Book Debts & Retentions

- 2 2 Independent agent's, Driver Group, were instructed to assist the Joint Administrators with the collection process.

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2.3 Collections to date total £2,034,912.

2.4 Further collections are anticipated to be between £52,000 and £473,725. Due to the contractual nature of the debts it is likely to take up to 12 months to conclude the collection process

Inter-company Debtors

2.5 There are debts due from group companies totalling £21,392,349

2.6 There will be no recoveries from the insolvencies of Killby & Gayford Group Limited and Killby & Gayford (Consolidation) Limited in respect of debts of £8,143,151 and £11,070,457, respectively.

2.7 Recoveries from the insolvency of Killby & Gayford (Holdings) Limited are anticipated to be in the region of £3,500.

Costs of the Administration

2.8 Costs totalling £300,100 were incurred in respect of staff expenses and property costs in order to take control of the business and assets of the Company.

2.9 Independent agents, Driver Group, were retained to assist me with the book debt collection process. To date, they have received payments totalling £176,070. In addition, a specialist was required in respect of one debt and was paid £6,062. Driver Group is being paid by reference to the book debt collections in which they have assisted.

2.10 BLP LLP solicitors were instructed to assist me with the Administration and, to date, legal fees totalling £20,255 have been paid.

2.11 Storage costs totalling £35,526 have been paid in respect of the Company's accounting records which I am obliged to retain and the destruction of a large quantity of project files which contained sensitive information and were previously stored by the Company.

3 TRADING

3.1 Following a review of the Company's financial and resource requirements on appointment it was evident that the Company could not trade in the Administration

4 FUTURE OF THE ADMINISTRATION

4.1 I have been pursuing the third statutory purpose of an Administration, which is to realise property in order to make a distribution to one or more secured or preferential creditors

4.2 Creditors resolved that the Administration be exited by way of a Creditors' Voluntary Liquidation and that Danny Dartnail and Shay Bannon of BDO LLP will be Joint Liquidators, to act jointly and severally.

4.3 Form 2.34B, being formal notice of the Company's move from Administration to Creditors' Voluntary Liquidation, has been sent to the Registrar of Companies. A copy of Form 2.34B is attached.

- 4.4 In accordance with Rule 2.117(1) of the Insolvency Act 1986, I would advise that the assets to be dealt with by the Joint Liquidator include the book debts and retentions, inter-company debts and the prescribed part to be distributed to unsecured creditors

5 OUTCOME FOR CREDITORS

Secured Creditors

- 5.1 The Company's secured creditor is the Bank of Scotland Plc ("BoS"), which at the date of appointment was owed £1,675,641 from the Killby & Gayford group of companies ("the Group"). BoS holds a debenture dated 14 September 2007, conferring a fixed and floating charge over the assets and undertaking of the Group.
- 5.2 In addition, Growth Capital Partners ("GCP") is owed £6,075,000 from the Group, which is secured by a debenture also dated 14 September 2007. GCP's security ranks behind that held by BoS.
- 5.3 To date BoS has received distributions totalling £282,046 from floating charge realisations
- 5.4 It is anticipated that BoS should be paid in full from the Group, however, GCP will suffer a significant shortfall under its security

Preferential Creditors

- 5.5 Preferential claims are those of employees in respect of wages, capped at £800 per employee, and any accrued holiday pay.
- 5.6 A preferential distribution of 100p in the £ totalling £154,516 was made to the former employees. Additional preferential claims totalling approximately £300,000 have been received and these will be paid in full shortly.

Unsecured Creditors

- 5.7 Under Section 176A of the Insolvency Act 1986 where after 15 September 2003 a company has granted to a creditor a floating charge a proportion of the net property of the company must be made available purely for the unsecured creditors
- 5.8 The Company has granted a floating charge to a creditor after 15 September 2003. Based on present information the Joint Administrators estimate that after allowing for costs, the value of the Company's net property may be £1,345,396. This means that the prescribed part could be £272,079
- 5.9 To date, I have received claims totalling £25,573,944 and therefore the dividend is likely to be in the region of 1p in the £.
- 5.10 It is not the duty of the Joint Administrators to adjudicate on the claims of unsecured creditors; this is the responsibility of any subsequently appointed Liquidator.

6 JOINT ADMINISTRATORS' REMUNERATION

- 6.1 As there will be insufficient funds available to enable any subsequently appointed Liquidator to make a dividend payment to unsecured creditors, other than from the prescribed part, I sought and obtained the approval of the secured creditors for my remuneration in accordance with Rule 2 106(5A)(a) of the Insolvency Rules 1986.
- 6.2 To date I have obtained approval for remuneration on a time cost basis of £275,000 plus VAT.
- 6.3 I attach a schedule that summarises the time costs incurred during the Administration and indicates the work undertaken in that respect. This shows that a total of 1,186 hours have been spent at an average hourly charge out rate of approximately £280, totalling £331,822. All time costs in this Administration in excess of the fees approved will be written off by my firm.

7 JOINT ADMINISTRATORS' DISBURSEMENTS

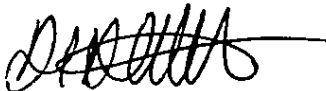
- 7.1 Where disbursements are recovered in respect of precise sums expended to third parties, there is no necessity for these costs to be authorised. These are known as category 1 disbursements.
- 7.2 I therefore report that since my appointment the sum of £1,607 plus VAT has been drawn in respect of category 1 disbursements for travel, insurance and statutory advertising.

I provide at the end of this report an extract from the Insolvency Rules 1986 setting out the rights of creditors to request further information and/or challenge the remuneration or fees within the Administration.

I will report next to the Company's creditors following the anniversary of my appointment as Joint Liquidator.

Should you have any queries please contact Martin Woodhall of this office.

Yours faithfully
For and on behalf of
Killby & Gayford Limited



Danny Dartnaill
Joint Administrator
Authorised by the Institute of Chartered Accountants in England & Wales

Enc

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses.-**Rule 2 48A Creditors' request for further information**

(1) If—

- (a) within 21 days of receipt of a progress report under Rule 2 47—
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)
- (2) The administrator complies with this paragraph by either—
- (a) providing all of the information asked for, or
 - (b) so far as the administrator considers that—
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information
- (3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—
- (a) the giving by the administrator of reasons for not providing all of the information asked for, or
 - (b) the expiry of the 14 days provided for in paragraph (1),
- and the court may make such order as it thinks just
- (4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just

Rule 2.109 Creditors' claim that remuneration is or other expenses are excessive

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application may be made on the grounds that—
- (a) the remuneration charged by the administrator,
 - (b) the basis fixed for the administrator's remuneration under Rule 2 106, or
 - (c) expenses incurred by the administrator,
- is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses (continued) -**Rule 2 109 (continued)**

- (3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders—
 - (a) an order reducing the amount of remuneration which the administrator was entitled to charge,
 - (b) an order fixing the basis of remuneration at a reduced rate or amount,
 - (c) an order changing the basis of remuneration,
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,
 - (e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration

KILLBY & GAYFORD LIMITED
- In Administration -
Summary of the Joint Administrators' Final Receipts and Payments
For the period from 18 April 2012 to 12 April 2013

	Estimated to Realise	18 April 2012 to 17 October 2012	18 October 2012 to 12 April 2013	Total
	£	£	£	£
RECEIPTS				
Book Debts	1,061,149	1,361,501	673,411	2,034,912
Cash at Bank	55,780	56,502	-	56,502
Stock	305,500	51,000	-	51,000
Intercompany Debtors	17,273	-	-	-
Interest Gross	-	2,274	4,101	6,375
Rates Refund	-	2,584	587	3,171
VAT Refund	-	-	2,562	2,562
VAT on Receipts	-	40,306	48,318	88,624
	1,439,702	1,514,167	728,979	2,243,146
PAYMENTS				
Staff Costs		177,797	843	178,640
Book Debt Collection Fee		61,992	120,140	182,132
PAYE & NI		75,338	-	75,338
Storage Costs		35,041	485	35,526
Legal Fees & Disbursements		-	20,255	20,255
IT Costs		15,394	-	15,394
VAT Paid		-	15,143	15,143
Electricity		6,658	1,509	8,167
Rates		8,093	-	8,093
Stationery & Postage		7,717	-	7,717
Insurance		5,173	-	5,173
Security		3,876	-	3,876
Press Office		3,344	-	3,344
Gas		1,717	-	1,717
Joint Administrators Disbursements		-	1,607	1,607
Cleaning		1,095	-	1,095
Water		63	-	63
Bank Charges		25	-	25
VAT on Payments		25,281	27,929	53,210
		428,604	187,911	616,515
Distribution to Preferential Creditors - 100p in the £		-	154,516	154,516
Distribution to the Secured Creditor				-
Bank of Scotland Plc		-	282,046	282,046
Balance in Hand				1,190,069
				2,243,146

BDO LLP
Kings Wharf
20-30 Kings Road
Reading
Berkshire
RG1 3EX

Danny Dartnall
Joint Administrator
12 April 2013