

The Insolvency Act 1986

**Administrator's progress report**

Name of Company

R K Furniture Limited

Company number

02090112

In the  
High Court of Justice, Chancery Division,  
Manchester District Registry

(full name of court)

Court case number  
1157 of 2011(a) Insert full  
name(s) and  
address(es) of  
administrator(s)I/We (a)  
Steven Martin Stokes  
FRP Advisory LLP  
104/106 Colmore Row  
Birmingham  
B3 3AGPhilip Lewis Armstrong  
FRP Advisory LLP  
104/106 Colmore Row  
Birmingham  
B3 3AG

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

From

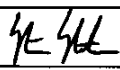
To

(b) Insert date

(b) 7 July 2011

(b) 6 January 2012

Signed

  
Joint / Administrator(s)

Dated

24/1/12

SATURDAY



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A35

28/01/2012

#101

COMPANIES HOUSE

**To All Known Creditors And Members**

your ref:

our ref: AO081/J

date: 24 January 2012

Please ask for: Mei France

Dear Sirs

**R.K. FURNITURE LIMITED  
(IN ADMINISTRATION) ("THE COMPANY")  
IN THE High Court of Justice, Chancery Division, Manchester District Registry No. 1157 of 2011**

Further to my appointment as Joint Administrator of the above Company on 7 July 2011, I provide my progress report on this Administration for the period 7 July 2011 to 6 January 2012 ("the Period") in accordance with Rules 2.47 of the Insolvency Rules 1986.

I attach:

- Appendix A - Statutory information regarding the Company and the appointment of the Administrators
- Appendix B - Form 2.24B, formal notice of the progress report
- Appendix C - The Administrators Proposals
- Appendix D - Trading Account
- Appendix E - Receipts and payments account
- Appendix F - Details of my firms' time costs and disbursements incurred in the Period
- Appendix G - Additional Information in relation to Administrators Fees
- Appendix H - Statement of expenses incurred in the Period

**1. The Administrators' Proposals**

In accordance with Paragraph 52(1)(b) of Schedule B1 of the Insolvency Act 1986 the Administrators' Proposals were sent to all creditors on 26 August 2011. An initial meeting of creditors was not convened because the Joint Administrators considered there would be insufficient property to enable a distribution to be made to non-preferential creditors (other than possibly the Prescribed Part).

Furthermore, the Joint Administrators did not receive a request from 10% or more in value of the creditors to requisition a creditors' meeting and accordingly the Administrators proposals were approved on 8 September 2011. A copy of the proposals is attached at Appendix C.

As previously reported, the Joint Administrators must perform their 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.

AO081

As detailed in the previous report it was clear from the outset that the possibility of achieving the first objective of rescuing the Company as a going concern was very remote, due to the following;

- Concerns over the on-going viability of the Company;
- The size of the funding required;
- The level of creditor arrears; and
- Uncertainty over the sector.

Therefore the strategy undertaken was to meet the second objective, that of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.

The strategy was focused on protecting the value of the Company's assets, particularly the book debts and the customer order book, whilst the Joint Administrators explored the possibility of selling the business as a going concern.

No time extensions to the Administration have been sought.

## **2. Progress of the Administration**

I attach at Appendix D a trading account for the period 7 July to 14 July 2011 and at Appendix E, a receipts and payments account for the period since my appointment as Joint Administrator.

Anticipated asset realisations are currently in line with those estimated in the Administrators' Proposals.

### **Trading**

As mentioned in the Administrators' Proposals, the business was traded until 14 July 2011 following our appointment on 7 July 2011, with all the employees retained to complete the partly finished orders to yield the best return to creditors

On 11 July 2011, all the employees were made redundant with the exception of four members of the staff who were required to finalise the Company's books and records which would assist in the book debt realisations. The remaining four employees were subsequently made redundant on 14 July 2011.

Sales of £36,090 plus VAT were generated during this trading period, of which £32,828 plus VAT has been received to date. No further realisation is anticipated in this matter as the residual amount is considered uneconomical to collect mainly due to an issue of faulty products.

The trading surplus generated will be £10,064 as detailed at Appendix D, having paid post appointment wages and PAYE of £5,467, and trading expenditure of £17,298. One of the aims of trading post appointment i.e. to maximise the return to the creditors, has therefore been achieved.

### **Sale of Business and Assets**

Following our appointment on 7 July 2011, Edward Symmons LLP ("ES") were instructed as agents to conduct a valuation of the unencumbered plant and machinery, office furniture and equipment at the Company's premises.

As mentioned in the Administrators' Proposals, the Joint Administrators had attempted to sell the Company's business and assets as a going concern but without success. Although one offer was received initially for the business and assets in their entirety, the sale transaction was not completed due to the substantial contingent liabilities relating to employees under the Transfer of Undertakings (Protection of Employment) Regulations 2006, and the inability of the interested party to fund the transaction.

As previously advised, I subsequently received an offer for the sale of the Company's assets only. Following the approval from our agents ES, the sale was completed on 13 October 2011 for the consideration of £135,000 plus VAT which included assets previously financed by Close Asset Finance. This is further discussed below under the heading Chattel Assets.

### **Book Debts**

You will recall that Centric SPV 1 Limited ("Centric") provided an invoice discounting facility to the Company in respect of its book debts. Following our appointment on 7 July 2011, Centric appointed Inksmoor Credit Management Limited to assist in collecting the book debts. The proceeds are being applied directly to reduce the Company's indebtedness to Centric.

At the date of appointment, the Company's records indicated the outstanding book debt ledger totalled £326,701. To date a total of £205,629 has been recovered from the debtors. It is anticipated that no surplus will be available to the Administration due to the existing cross guarantee with ROC Furniture Limited ("ROC"). This is discussed further in the section titled Secured Creditors.

### **Chattel Assets**

As mentioned in the Administrators' Proposals, ES settled the outstanding finance on behalf of the Administrators in order to facilitate a sale of all assets.

The total consideration for the sale of the Company's assets is £135,000 plus VAT, of which £71,000 related to plant and machinery which was subject to a finance agreement with Close Asset Finance Limited (formerly One Business Finance) and therefore this amount has been repaid to ES.

The consideration for the transfer of Motor Vehicles and Fixtures was £54,000 with £10,000 plus VAT relating to the sale of stock

The Company also owned other machinery and vehicles subject to finance and hire agreements and all relevant companies were advised to collect these assets. I can confirm that no surplus will arise from these assets because the outstanding amounts owing were higher than the value of these assets.

### **Leasehold Property**

The Company occupied premises located at The Airfield, Tholthorpe, York, North Yorkshire YO6 3JR.

Following our appointment, one of the units "Blue Unit" was returned to the Landlord at the end of August.

As previously advised, the proposed purchaser was negotiating a new lease with the landlord in conjunction with the finalisation of a sale and purchase agreement. As the negotiations continued for several weeks, the landlord agreed not to charge any rent after the end of August 2011.

The Deed of Surrender in relation to the premises was completed concurrently with the Sales and Purchases Agreement on 13 October 2011.

## **Sundry Income**

Cash In Hand in the amount of £90.93 has been received in respect of petty cash.

Gross Bank interest of £74.24 has also been received on funds held in the Period.

No further asset realisations are anticipated.

### **3. Estimated Outcome**

#### **Secured Creditors**

The Company had granted the following securities:

Charge Holder	Security Held	Date Created
Centric SPV1 Ltd ("Centric")	Guarantee & Debenture	27/07/2010

At the date of appointment Centric were owed £152,176 in respect of funds advanced under the invoice discounting facility, before termination charges. The outstanding book debt ledger totalled £326,701 of which £117,892 was unrealisable due to disputed balances and bad debts in relation to debtors that had gone into insolvency procedures. To date, the total book debt realisation stands at £205,629. It is anticipated that a further £4,191 may be collectable. Consequently, Centric has collected the Company's principal indebtedness in full.

As mentioned in the Administrator's Proposals, the Company entered into a cross guarantee with ROC as part of its invoice discounting facilities, any surplus from the Company's book debt ledger will have to be paid over to Centric for the deficiency owed by ROC. Currently the outstanding amount due to Centric by ROC is approximately £120,000.

It is therefore anticipated that no surplus will be available to the Administration.

#### **Preferential Creditors**

The Joint Administrators have received the Redundancy Payments Office's claims in the amount of £44,741.98 in respect of the arrears of wages and holiday pay paid to the employees who were made redundant by the Joint Administrators.

Current information indicates there is no prospect of a dividend to preferential creditors.

#### **Unsecured Creditors**

The Joint Administrators have considered the possibility of a prescribed part for unsecured creditors under S176A of the Insolvency Act 1986. However, on present information there is inadequate net property available and as such the prescribed part will not apply.

Based on current information in relation to debtor recoveries (discussed in last section), the Joint Administrators anticipate that there will not be a return to unsecured creditors in this matter.

### **4. Administrators' Pre-Appointment Costs**

The Administrators' pre appointment costs amount to £25,608 plus VAT. Since there is insufficient asset realisation to cover the Administrators' post appointment costs, the Joint Administrators have not sought approval to recover these costs.

## **5. Administrators' Remuneration, Disbursements and Expenses**

In respect of our own professional costs in this matter, our remuneration as Administrators is based on computerised records of all time spent on the administration of this case. Matters dealt with during the assignment are dealt with by different members of staff depending on the level of complexity and experience required. Time is charged to the case in maximum of 6 minute units. Charge-out rates are based on individual expertise, qualification and grade. The costs of the firm's support staff are not directly charged to the estate unless dealing with directly identifiable case specific matters. Charge out rates are reviewed at least annually, details of FRP Advisory LLP charge out rates are included at Appendix G. A breakdown of our time costs incurred during the period of this report (and also since appointment), in accordance with Statement of Insolvency Practice 9 is set out at Appendix F.

The Administrators' remuneration has been approved by the secured creditor, Centric and the preferential creditors on 26 October 2011 and 22 September 2011 respectively and is to be fixed by reference to the time properly spent by them and their staff in managing the Administration. The Administrators' time costs for the Period are £113,789 and I have drawn fees to date of £42,500 exclusive of VAT.

The Administrators' disbursements are a recharge of actual costs incurred by the Administrators on behalf of the Company. Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the insolvency estate, are paid by FRP Advisory at the HMRC approved mileage rate prevailing at the time the mileage was incurred as approved by the secured creditor, Centric and the preferential creditors. Details of mileage costs incurred during the period of this report are set out in Appendix F.

I attach at Appendix H a statement of expenses that have been incurred during the period covered by this report including a cumulative summary of expenses accrued to date.

Creditors have a right to request further information from the Administrators under Rule 2.48A of the Insolvency Rules 1986 and further have a right to challenge the Administrators' remuneration and other expenses, which are first disclosed in this report, under Rule 2.109 of the Insolvency Rules 1986. Further details of these rights can be found in the Creditors' Guide to Fees which you can access using the following link <http://cp.frp.advisory.com> and select the one for administrations. Alternatively a hard copy of the relevant guide will be sent to you on request. Please note there is a time limit for requesting information being 21 days following the receipt of this progress report. There is a time limit of eight weeks following the receipt of this report for a Court application that the remuneration or expenses are excessive.

If you have any queries about this report or the progress of the administration, please do not hesitate to contact **Mei France** at this office.

Dated: 24 January 2012



**Steven Stokes**  
**Joint Administrator**

Licensed in the United Kingdom by the Insolvency Practitioners Association

**The Joint Administrators act as agents of the Company and without personal liability.**

**The affairs, business and property of the Company are being managed by Steven Martin Stokes and Philip Lewis Armstrong who were appointed Joint Administrators on 7 July 2011.**

**Appendix A****R.K. Furniture Limited  
In Administration**

Court in which administration proceedings were brought	High Court of Justice, Chancery Division, Manchester District Registry
Court reference number:	1157 of 2011
Other trading names:	None
Company number:	02090112
Registered office:	104-106 Colmore Row Birmingham B3 3AG
Previous registered office:	1 St Pauls Square Liverpool L3 9SJ
Business address:	The Airfield Tholthorpe York YO6 3JR
Administrators' names and addresses:	Steven Martin Stokes and Philip Lewis Armstrong FRP Advisory 104-106 Colmore Row Birmingham B3 3AG
Date of appointment:	7 July 2011
Appointor details:	Directors
Previous office holders, if any:	None
Extensions to the initial period of appointment:	None

The Joint Administrators act jointly and concurrently.

## FORM 2.24B, FORMAL NOTICE OF THE PROGRESS REPORT

Rule 2.47

Form 2.24B

The Insolvency Act 1986

## Administrator's progress report


Name of Company R K Furniture Limited	Company number 02090112
In the High Court of Justice, Chancery Division, Manchester District Registry (full name of court)	Court case number 1157 of 2011

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

I/We (a) Steven Martin Stokes FRP Advisory LLP 104/106 Colmore Row Birmingham B3 3AG	Philip Lewis Armstrong FRP Advisory LLP 104/106 Colmore Row Birmingham B3 3AG
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administrator(s) of the above company attach a progress report for the period

From	To
(b) Insert date (b) 7 July 2011	(b) 6 January 2012

Signed   
Joint / Administrator(s)

Dated 24 January 2012.



**THE INSOLVENCY ACT 1986**

**STATEMENT OF THE PROPOSALS OF THE JOINT ADMINISTRATORS  
OF R.K. FURNITURE LIMITED (IN ADMINISTRATION)**

**PURSUANT TO PARAGRAPH 49(1) OF SCHEDULE B1 TO THE INSOLVENCY ACT 1986 (The Act)  
AND RULE 2.33 OF THE INSOLVENCY RULES 1986 (The Rules)**

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1. The Joint Administrators think that objective (a) of the Administration, as detailed in Paragraph 3(1) of Schedule B1 to the Insolvency Act 1986, will not be achieved due to concerns over the ongoing viability of the Company and the likely level of funding required to meet existing and future working capital commitments. As such, it is envisaged that objective (b) will be achieved, a better result for the Company's creditors as a whole than would be likely if the Company had been wound-up (without first being in Administration). This will be achieved by completing the work in progress to protect the debtors, and through the sale of the business and assets of the Company.
2. The Joint Administrators make the following proposals for achieving the objective set out above:
  - a) They continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that they will:
    - i. Dispose of the Company's ownership of such assets at such time(s) on such terms as they consider expedient.
    - ii. Investigate and, if appropriate, pursue any claims that the Company may have against any person, firms or company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company which supplies or has supplied goods or services to the Company.
    - iii. In addition, they do all such things and generally exercise all their powers as Administrators as they in their discretion consider desirable or expedient in order to achieve the purpose of the administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals.
  - b) The Administration shall continue (subject to the statutory provisions relating to automatic termination) until the realisable assets of the Company have been realised and all liabilities incurred during the administration have been discharged or until such a time as deemed appropriate by the Administrators. At this stage the Company shall be dissolved or placed into liquidation as outlined below.
  - c) If the Joint Administrators think the Company has no property which might permit a distribution to its unsecured creditors, or if they also consider that an exit from the administration into liquidation is not appropriate they will send a notice to the Registrar of Companies in accordance with Paragraph 84 of Schedule B1 to the Insolvency Act 1986 and three months after the filing of the notice the Company will be deemed to be dissolved.

- d) If the Joint Administrators are of the view that it is appropriate for the Company to move from administration into liquidation, whether compulsory or voluntary, the Joint Administrators be authorised to take steps to place the Company into whichever liquidation process they, at their discretion, deem appropriate. Pursuant to Paragraph 83 of Schedule B1 to the Insolvency Act 1986, should the creditors not nominate a Liquidator; the proposed Liquidators are to be Steven Martin Stokes and Philip Lewis Armstrong. Any act to be done by the Joint Liquidators may be done by all or any one of them. Pursuant to Para 83(7)(a) and Rule 2.117A(2)(b) of the Insolvency Rules 1986, creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after the receipt of these proposals and before these proposals are approved.

As the Joint Administrators consider that the Company has insufficient property to enable a distribution to be made to the unsecured creditors, the following sections of the Administrators' proposals, (e and f) will require the consent of each secured creditor and the majority of voting preferential creditors (as appropriate):

- e) The Joint Administrators' fees plus VAT should be approved on a time cost basis charged at the charge out rates prevailing at the time the work is undertaken; to be drawn when the Joint Administrators' see fit. A schedule of current charge out rates is set out in in Appendix D.
- f) The Joint Administrators' discharge from liability shall take effect in accordance with Paragraph 98 of Schedule B1 to the Act 30 days following either the Company entering into liquidation or filing the notice of moving from administration to dissolution

Dated this **26 August 2011**

**Appendix D**

**R.K. Furniture Limited In Administration**

**Trading Account**

**For the period 7 July 2011 to 14 July 2011**

S of A £	£	£
POST APPOINTMENT SALES		
Sales	32,827.92	32,827.92
OTHER DIRECT COSTS		
Direct Wages	5,206.09	
PAYE & NI	260.56	(5,466.65)
TRADING EXPENDITURE		
Rents	14,056.24	
Carriage	1,217.41	
Insurance	2,023.98	(17,297.63)
TRADING SURPLUS/(DEFICIT)		10,063.64

## Appendix E

## R.K. Furniture Limited In Administration

## Receipts and Payments Account - For the period 7 July 2011 to 6 January 2012

S of A £		£	£
	SECURED ASSETS		
250,000.00	Book Debts - Factored	NIL	
(137,402.00)	To Centric Commercial Finance Ltd	NIL	
Uncertain	Termination Fees	NIL	
90,000.00	Plant & Machinery	71,000.00	
(73,000.00)	To Edward Symmons	(71,000.00)	
Uncertain	Termination Costs	NIL	
			NIL
	COSTS OF REALISATION		
Uncertain	Phone System and Photocopier	NIL	
			NIL
	SECURED CREDITORS		
(9,890.00)	Siemens Financial Services	NIL	
Uncertain	Machinery Baler 305	NIL	
(4,873.00)	Mil-tek (Central) Limited	NIL	
Uncertain	Two Volvo Globetrotter Machine	NIL	
			NIL
	HIRE PURCHASE		
(24,960.00)	BRS Limited	NIL	
Uncertain	Mercedes Van ND59LMW	NIL	
(13,761.00)	Commercial Vehicle Finance Limited	NIL	
Uncertain	Audi A4 KT10 UBD	NIL	
(7,621.00)	Volkswagon Financial Services Limited	NIL	
Uncertain	Yale ERP 25 VL	NIL	
(56,530.00)	De Lage Landen Leasing Limited	NIL	
			NIL
	ASSET REALISATIONS		
7,500.00	Motor Vehicles and Fixtures	54,000.00	
40,000.00	Stock	10,000.00	
NIL	ROC Capital Management Limited - Lo	NIL	
	Cash in hand	90.93	
	Bank Interest Gross	74.24	
	Trading Surplus/(Deficit)	10,063.64	
	Adjustment Re Bank Error	0.60	
			74,229.41
	COST OF REALISATIONS		
	Bordereau	105.00	
	Administrators' Remuneration	42,500.00	
	Sub Contractors	185.00	
	Agents/Valuers Fees	6,700.00	
	Agents/Valuers Disbursements	5,809.02	
	Legal Fees	7,000.00	
	Legal Disbursements	175.00	
	Telephone	3.10	
	Postage	100.68	
	Website	30.00	
	Storage Costs	1,193.25	
	Re-Direction of Mail	27.20	

# Appendix E

S of A £	£	£
	Statutory Advertising	76.50
	Travelling	1,354.63
	Bank Charges - Floating	16.74
	Sundry	26.50
		(65,302.62)
	PREFERENTIAL CREDITORS	
(46,603.00)	Employee Arrears/Hol Pay	NIL
		NIL
	UNSECURED CREDITORS	
(455,642.00)	Trade & Expense Creditors	NIL
(277,048.00)	Employees	NIL
(76,000.00)	HM Revenue & Customs - VAT	NIL
(74,000.00)	HM Revenue & Customs - PAYE	NIL
		NIL
	DISTRIBUTIONS	
(2,000.00)	Ordinary Shareholders	NIL
		NIL
(871,830.00)		8,926.79
	REPRESENTED BY	
	Vat Receivable - Floating	2,513.85
	Bank 2 Current A/c	6,862.94
	Vat Payable - Floating	(450.00)
		8,926.79

## R.K. Furniture Limited In Administration

## SUMMARY OF TIME COSTS AND DISBURSEMENTS

R.K. Furniture Limited In Administration

Summary of time costs from 7 July 2011 to 6 January 2012

<u>Classification of Work</u>	<u>Partners Hours</u>	<u>Managers Hours</u>	<u>Support Staff Hours</u>	<u>Other Professional</u>	<u>Total Hours</u>	<u>Time Cost £</u>	<u>Average Rate p/h</u>
Administration and Planning	3.40	12.35	6.51	3.15	25.41	5,384.70	211.91
Case Accounting	-	-	1.65	10.20	11.85	1,417.50	119.62
Partner Review	1.50	-	-	-	1.50	742.50	495.00
Travel	-	31.00	-	27.25	58.25	9,906.25	170.06
Case Accounting - General	-	1.90	1.40	5.75	9.05	1,207.25	133.40
Fee and WIP	0.20	0.40	-	-	0.60	144.00	240.00
Case Control and Review	1.30	4.20	-	-	5.50	1,216.00	221.09
General Administration	-	4.60	-	0.45	5.05	973.75	192.82
Asset Realisation	49.90	45.10	-	-	95.00	31,170.50	328.11
Chattel Assets	0.80	-	0.90	-	1.70	408.50	240.29
Debt Collection	11.00	39.05	-	0.20	50.25	10,996.25	218.83
Freehold/Leasehold Property	1.60	5.05	-	-	6.65	1,678.25	252.37
Sale of Business	-	5.90	-	-	5.90	1,032.50	175.00
Legal-asset Realisation	0.50	-	-	-	0.50	247.50	495.00
Unsecured Creditors	3.40	18.15	-	21.50	43.05	7,684.25	178.50
Creditors - Employees	-	-	-	0.50	0.50	80.00	160.00
Preferential Creditors	0.20	0.80	-	-	1.00	214.00	214.00
Secured Creditors	5.40	6.30	-	-	11.70	3,100.50	265.00
ROT	-	1.60	-	-	1.60	280.00	175.00
HP/Leasing	-	0.20	-	-	0.20	35.00	175.00
Investigatory Work	-	0.50	-	-	0.50	87.50	175.00
CDDA Enquiries	-	9.10	-	1.00	10.10	2,334.50	231.14
Investigatory Work - Other	-	2.40	-	-	2.40	636.00	265.00
Statutory Compliance	-	10.20	1.00	-	11.20	1,910.00	170.54
Statutory Reporting	2.70	13.10	-	1.80	17.60	3,516.50	199.80
Appointment Formalities	-	0.40	-	-	0.40	70.00	175.00
Bonding/Statutory Advertising	-	0.50	-	-	0.50	87.50	175.00
Statement of Affairs	-	0.40	-	-	0.40	70.00	175.00
Post Appt TAX/VAT	-	3.90	-	-	3.90	682.50	175.00
Statutory Compliance-General	0.20	0.60	-	0.80	1.60	279.00	174.38
Employees	0.90	6.80	-	30.03	37.63	6,737.55	179.05
Trading	0.40	46.55	-	81.90	128.85	17,726.25	137.57
Case Accounting - Trading	-	0.50	-	-	0.50	87.50	175.00
Trade-sales/Purchase	-	9.40	-	-	9.40	1,645.00	175.00
<b>Total Hours</b>	<b>83.30</b>	<b>280.95</b>	<b>11.46</b>	<b>184.53</b>	<b>560.24</b>		
<b>Total Time Cost</b>	<b>33,678.50</b>	<b>56,053.75</b>	<b>1,375.70</b>	<b>21,881.05</b>		<b>113,789.00</b>	
<b>Average Rate per Grade</b>	<b>404.30</b>	<b>202.36</b>	<b>120.04</b>	<b>118.58</b>			<b>203.11</b>

## Appendix F

### R.K. Furniture Limited In Administration

#### SUMMARY OF TIME COSTS AND DISBURSEMENTS

<u>Category 1 Disbursement</u>	<u>£</u>
Sundries/General	40.40
Statutory Bonding	105.00
Postage	34.43
Delivery	42.00
Statutory Advertising	76.50
Travel	195.90
Subsistence	11.59
Car/Mileage Recharge	1,054.20
Hotels	37.50
Meetings	8.84
Parking	6.20
Computer Consumables	26.50
Mobile Telephone	3.10
<b>Total</b>	<b>1,642.16</b>

The Administrators have recharged £1,537.16 of the above disbursement; £105 in respect of statutory bonding is outstanding.

#### Category 2 Disbursement

No Category 2 disbursement incurred.

**R.K. FURNITURE LIMITED IN ADMINISTRATION**  
**SCHEDULE OF ADMINISTRATORS' CHARGE OUT RATES**

**Policy**

Detailed below is FRP Advisory LLP policy in relation to:

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

**1.1 Disbursements**

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Standard professional practice<sup>1</sup> requires that such charges should be disclosed to those who are responsible for approving his remuneration, together with an explanation of how those charges are made up and the basis on which they are arrived at.

There are two types of disbursements; direct disbursements (known as Category 1) and indirect disbursements (known as Category 2).

**Category 1**

These are disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case and will be charged to the estate at cost, with no up-lift. These include, but are not limited to such items, as case advertising, storage, bonding, Secretary of State fees and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case. Category 1 disbursements do not require approval by creditors.

The following Category 1 disbursements will be reimbursed to FRP Advisory LLP at cost:-

- Specific Penalty bond;
- Statutory advertising;
- Secretary of State fees;
- Stationery and related costs;
- Company searches;
- Storage (Collection of books and records/storage);
- Mileage incurred as a result of any necessary travelling at 45p per mile;
- Any other costs incurred;



***Category 2***

- It is our normal practice not to charge any Category 2 disbursements which are defined by SIP 9 as expenses and disbursements which are not capable of precise identification and calculation and may include an element of profit. Category 2 disbursements require approval by creditors prior to being drawn from the estate.

**1.2 *Staff Allocation and the use of Sub-contractors***

Our 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, an Assistant Manager and an Administrator. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment.

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g. report compilation and distribution, do we seek to charge and recover our time in this regard.

We have not utilised the services of any sub-contractors in this case

**1.3 *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
Bermans LLP	Hourly rate and disbursements
Edward Symmons LLP	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.

## Appendix G

### 2 Charge-out Rates

A schedule of FRP Advisory LLP charge-out rates for this assignment from 1 March 2010 is detailed below.

	(Per hour) £
<b>Partner:</b>	
Partner 1	495
Partner 2	400
<b>Director:</b>	
Director	375
<b>Manager:</b>	
Manager	265
Assistant Manager	225
<b>Administrators:</b>	
Senior 1	220
Senior 2	175
Administrator	125
Trainee Administrator	100
<b>Support Staff:</b>	
Case Accountant 1	250
Case Accountant 2	90
Assistant	90

**R.K. FURNITURE LIMITED IN ADMINISTRATION****STATEMENT OF EXPENSES INCURRED IN THE PERIOD****Period – 7 July 2011 to 6 January 2012**

			<b>£</b>
Trading		22,764 28	
Expenses paid as per receipts and payment	as per R & P	65,332.62	88,086.90
<b>Add:Costs not yet paid at the end of the Period</b>			
Joint Administrators work in progress		71,289.00	
Statutory Bonding		105.00	71,394.00

**Schedule of espenses for the Period**

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159,480.90

**\*Please note that final utility costs have not been included in the above figures as they are not yet known**