

The Insolvency Act 1986

Statement of administrator's proposals

2.17B

Name of Company Avocet Hardware Limited	Company number 03288247
In the High Court of Justice, Chancery Division, Companies Court (full name of court)	Court case number 463 of 2012

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

We (a) Benjamin John Wiles and Andrew Gordon Stoneman
Duff & Phelps Ltd
43-45 Portman Square
London
W1H 6LY

attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

* Delete as appropriate

(b) Insert date

(b) 16 March 2012

Signed

Joint Administrator

Dated

16 March 2012

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 searches of

Duff & Phelps Ltd
43-45 Portman Square
London
W1H 6LY

Tel 020 7487 7240

ve completed and signed this form please send it to the Registrar of Companies at

House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff



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DUFF & PHELPS

Report to Creditors

16 March 2012

Avocet Hardware Limited (In Administration)

**Joint Administrators' Report to Creditors and Statement of Proposals
For the period from 23 January 2012 to 16 March 2012
Pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986**

Names of Joint Administrators:	Benjamin John Wiles Andrew Gordon Stoneman
Date of Appointment:	23 January 2012
Date of Report	16 March 2012
Appointed By	Qualifying Floating Charge holder PNC Financial Services UK Limited 8-14 The Broadway Haywards Heath West Sussex RH16 3AP
Court Reference:	High Court of Justice, Chancery Division, Companies Court Court Number 463 of 2012

Duff & Phelps Ltd
43-45 Portman Square
London
W1H 6LY

DEFINITIONS

Word or Phrase	Definition
the Company	Avocet Hardware Limited (In Administration) (Company Number 03288247)
the Joint Administrators	Benjamin John Wiles and Andrew Gordon Stoneman of Duff & Phelps Ltd, 43-45 Portman Square, London, W1H 6LY
the Appointment Date	23 January 2012, being the date of appointment of the Joint Administrators
the Directors	Ian Jones, Nicholas Ridings and Michael Tuck, the directors of the Company
PNC	PNC Financial Services UK Limited
HSBC	HSBC Bank Plc, with whom the Company banked
the Agents	SIA Group, the independent agents instructed to value and sell certain assets of the Company
SOA	Statement of Affairs, documentation to be supplied by the Directors outlining the Company's financial position as at the Appointment Date
EC Regulations	EC Regulations on Insolvency Proceedings 2000
Category 2 Disbursements	The Joint Administrators' firm's internal costs and expenses in dealing with the Administration
the Act	The Insolvency Act 1986 (as amended)
the Rules	The Insolvency Rules 1986 (as amended)
HMRC	HM Revenue and Customs
SIP 9	Statement of Insolvency Practice 9, industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and disbursements
Prescribed Part	Pursuant to Section 176A of the Act where a floating charge is created after 15 September 2003 a designated amount of the Company's net property (floating charge assets less costs of realisation) shall be made available to non-preferential unsecured creditors
the Purchaser	RTMV Jain Limited with respect to the freehold property and L Fibreluk Limited with respect to the business and certain assets
RPO	Redundancy Payments Office
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations 2006
BIS	The Department for Business Innovation and Skills
D&W	Doors and Windows Hardware Division, one of the three UK divisions

ABS	High Security Lock Division, one of the three UK divisions
Builders Hardware	Builders Hardware division, one of the three UK divisions
Mascot	Mascot Metal Manufacturers Limited, a creditor of the Company
the Freehold Property	Brookfoot Mills, Elland Road, Brighouse, West Yorkshire
CVL	Creditors' Voluntary Liquidation

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1 Introduction

- 1 1 The Joint Administrators were appointed on 23 January 2012 by PNC, the holder of a qualifying floating charge, under Paragraph 14 of Schedule B1 to the Act
- 1 2 In accordance with Paragraph 100(2) of Schedule B1 to the Act the functions of the Joint Administrators may be exercised by any of the Joint Administrators
- 1 3 This report sets out the circumstances leading up to the appointment of the Joint Administrators and the steps taken by them to date

2. Background

- 2 1 The business commenced trading in 1978. Statutory information on the Company and a summary of its financial history is included at Appendix 1
- 2 2 The Company was purchased by current management in a private equity backed management buy out in 2007
- 2 3 The Company operated from a site in Brighouse and traded as an importer and supplier of hardware through three UK divisions being D&W, Builders Hardware and ABS
- 2 4 D&W was established in 1978 with an annual turnover of c£13m. This division had built a strong presence in the UK UPVC door and window hardware market by being one of the first UK hardware suppliers to access low cost manufacturing in China. D&W had expanded through the early 2000's by extending their product range to include electronic door entry products as well as the supply of fixings and general ironmongery products to the major UK DIY retailers and independent builders merchants
- 2 5 Builders Hardware was established in 1996 with an annual turnover of c£18m. This division had become the UK's leading supplier of fixings, fasteners and general ironmongery products to the major UK DIY retailers. By 2002, Builders Hardware had been awarded the sole-supply contract to supply one of the UK's leading DIY retailers for fixings and fasteners, supplementing this contract with home hardware in 2007. In 2008, the business acquired its first contract with one of the UK's leading DIY retailers to supply padlocks
- 2 6 ABS was established in 2010 to supply an innovative high security euro-cylinder door lock which had been developed in-house with patented 'anti-snap' technology. Developed in 2009 and launched in 2010, ABS products provided unrivalled security protection and conformed to the highest security standards issued by the relevant trade associations. ABS had an annual turnover of c£2m and had demonstrated controlled growth since its launch
- 2 7 The Company was financed by PNC and had a clearing account with HSBC
- 2 8 During the year ended 31 December 2009, the Company made a loss of £1,465,000 on reported turnover of £38,338,000. In addition, for the year ended 31 December 2010, the Company made a loss of £745,000 on reported turnover of £37,873,000

3. Events Leading up to the Administration

- 3 1 To assist with the Company's working capital requirements, the Company entered into an invoice discounting agreement and a stock lending facility with PNC in June 2010 which was secured by fixed and floating charges over the assets of the Company.

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- 3 2 During 2011, the Company continued to trade at a loss. The management accounts for the eleven months ending 20 November 2011 reported a trading loss of £1,232,000 based on turnover of c £27,605,000.
- 3 3 According to the Directors, the losses incurred by the Company during 2011 and the resulting cash flow problems can be attributed to the following:
- The losses incurred by the associated Chinese factory, which manufactured product for D&W. As a result of these losses, the Company had to partially fund the Chinese factory to ensure continued supply.
 - The insolvency of a major customer in 2011, resulting in a bad debt of approximately £350,000.
- 3 4 The Directors considered dividing up the three divisions of the business and marketing them individually for sale. The Company engaged KPMG in September 2011 to prepare information memorandums for each of the trading divisions and to assist in marketing these for sale.
- 3 5 The Chinese factory was sold in December 2011 and an agreement was put in place for the purchaser of the equipment to continue to supply to the Company at competitive cost prices.
- 3 6 In December 2011, the Directors took steps to reduce overhead costs and 30 staff were made redundant.
- 3 7 The Company's cash flow problems continued and in December 2011 the Directors approached PNC regarding seeking insolvency advice and the necessity to instruct an independent firm of accountants to complete a business review. Subsequently, PNC and the Company instructed Duff & Phelps Ltd to complete an independent review of the business and to monitor the cash flow requirements of the business.
- 3 8 From Duff & Phelps Ltd's review of the business it became clear that the business was unable to pay its debts as and when they fell due and that an insolvency appointment was likely. Duff & Phelps Ltd were subsequently instructed to market the business and assets for sale and/or raise funding.
- 3 9 During this process, a winding up petition was presented to the Company by Mascot on 9 January 2012. The Company had exhausted all of its available working capital facilities and was unable to make a payment in respect to the amount owed to Mascot.
- 3 10 On 18 January 2012, a notice of intention to appoint Administrators was filed by PNC in court giving notice for the appointment of Andrew Stoneman and Benjamin Wiles to act as Joint Administrators of the Company. The notice was served on the other qualifying floating charge holders, Landsbanki Commercial Finance and Hotbed Limited.
- 3 11 The Joint Administrators considered the position prior to accepting the appointment and, having regard to the Insolvency Practitioners Association's ethical guidelines, considered that there were no circumstances preventing them from accepting the appointment.
- 3 12 The Joint Administrators were appointed on 23 January 2012 by PNC.

4. Purpose of the Administration

- 4 1 The purpose of an Administration is to achieve one of the following hierarchical objectives:
- Rescuing the company as a going concern, or
 - 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

4 2 In accordance with Paragraph 49(2) of Schedule B1 to the Act the Joint Administrators note the following

- The first objective will not be achieved as there are insufficient funds and assets available to enable the creditors to be repaid and to enable the Company to be rescued as a going concern
- The Joint Administrators consider that the second objective will be achieved, as it is likely that a better result for the Company's creditors as a whole will be achieved than if the Company were wound up without first being in Administration for the following reasons
 - The Joint Administrators concluded a sale of the business and certain assets of the Company on 24 February 2012, maximising the value of the goodwill and achieving a greater value for the stock than would have been possible in a Liquidation scenario,
 - In addition, the book debt collections will be enhanced by the continuity of business provided to customers by the Purchaser, and
 - Finally, if the Company had been wound up, the employees would have all been made redundant resulting in an increase in both preferential and non-preferential unsecured claims

4 3 The Joint Administrators' proposals for achieving the purpose of the Administration are set out in the remainder of this report

5 Progress of the Administration to Date

5 1 The manner in which the affairs and business of the Company have been managed since the appointment of Joint Administrators and will continue to be managed and financed are set out below

Administration Trading Period

5 2 Upon the Joint Administrators' appointment, the Joint Administrators and their staff attended the Company's trading premises in Brighouse, Yorkshire to secure the assets of the Company and to undertake an immediate review of the financial and operational position

5 3 Following consultation with the secured creditor, PNC, the decision was immediately taken by the Joint Administrators to continue to trade the business in Administration to retain the value of the business whilst it was marketed for sale. The Joint Administrators continued to trade the business for five weeks until the business and certain assets were sold on 24 February 2012

5 4 In order to facilitate the continued trading of the business, PNC provided the Joint Administrators with an invoice discounting facility to enable them to fund the costs and expenses incurred during the Administration trading period

5 5 The Joint Administrators reviewed the Company's order book and contacted each of the customers to notify them of the Joint Administrators' appointment and inform them of their intention to seek to sell the business and assets as a going concern. The majority of customers were willing to support the Administration and elected to leave their orders with the Company. The Joint Administrators maintained communication with the key customers in order to keep them informed as to the progress of sale negotiations

- 5 6 The Joint Administrators were also successful in obtaining the support from the majority of the Company's suppliers to ensure ongoing and uninterrupted supply of materials and services to enable the Company to continue to meet customers' orders
- 5 7 Following a review of operations, the Joint Administrators implemented overhead reductions and cost savings where possible

Bonded Warehouse

- 5 8 The Company operated from a bonded warehouse and, immediately following the Joint Administrators' appointment, they were advised by HMRC that no goods could be despatched from the warehouse until the HMRC arrears, totalling approximately £210,000, were paid in full. As a result, it was not possible to despatch any goods until an agreement was reached with HMRC. After extensive negotiations, a mechanism to release the goods from the warehouse on a daily basis was agreed without the need to pay the arrears.
- 5 9 The Joint Administrators were required to expend considerable efforts to attempt to stabilise trading whilst the business was marketed for sale. Due to the issues detailed above with respect to the bonded warehouse the Company was unable to fulfil all orders on time.
- 5 10 The Administration trading period required regular on-site presence of the Joint Administrators' team at the Company's trading premises in order to supervise trading operations, in particular with respect to the bonded warehouse, to meet with suppliers to complete stock reviews, to meet with interested parties and to progress sale negotiations.

Financials

- 5 11 For the five week trading period, sales totalled c £1,530,000 (excluding VAT). It is envisaged that a trading surplus will be realised from the trading period.
- 5 12 Attached at Appendix 2 is a trading statement summarising the Administration trading period receipts and payments to date.
- 5 13 As at the date of this report, collection of trading sales total £63,234 (including VAT). These funds are held by PNC.
- 5 14 The Joint Administrators will seek to settle all outstanding trading liabilities incurred during the Administration trading period as and when they fall due.

Sale of the Business, Certain Business Assets and Freehold Property

- 5 15 Prior to the Appointment Date, the Agents were instructed to carry out an inventory and valuation of the Company's stock and chattel assets. The chattel assets were valued at £222,225 on an in-situ basis and at £60,610 on an ex-situ basis.
- 5 16 Following lengthy discussions with other interested parties, and having discussed the offer with the Agents, the Directors and the secured creditors, the Joint Administrators accepted an offer from the Purchaser to acquire the business and certain assets of the Company and the Freehold Property for £3,700,000.
- 5 17 The business and assets of the Company were sold to L Fibrelok Limited on 24 February 2012. In accordance with the sale agreement, L Fibrelok Limited has subsequently changed their name to Avocet Hardware (UK) Ltd. The Purchaser had had no prior involvement or connection with the Company.

5 18 The apportionment of the sale consideration (excluding the Freehold Property) is shown below

Asset	Consideration	
The Equipment	£	49,998
The Stock	£	1,500,000
The Work in Progress	£	1
The Intellectual Property	£	100,000
The Goodwill including the Name	£	100,000
The Seller's Records	£	1
Total	£	1,750,000

5 19 The initial consideration of £700,000 was paid on completion and the remainder of the sale consideration is payable by one instalment of £300,000 on or before 2 March 2012 and the remaining £750,000 in 3 equal instalments of £250,000 on 15 October 2012, 15 November 2012 and 15 December 2012

5 20 The first instalment of £300,000 was received on 2 March 2012

5 21 As part of the sale to the Purchaser, the Joint Administrators exchanged contracts on the sale of the Freehold Property to the Purchaser for £1,950,000

5 22 A deposit of £195,000 in respect of the Freehold Property was received on exchange of contracts. In accordance with the sale agreement, the remaining £1,755,000 will be payable in full on or before 24 November 2012, being 9 months from the date of exchange

5 23 The Joint Administrators and their Agents are satisfied that the sale to the Purchaser was the best price achievable for the Company's assets

Book Debts

5 24 According to the Company's books and records, the outstanding debts of the Company totalled £3,375,435 as at the Appointment Date. These debts were assigned to PNC under an invoice discounting agreement

5 25 The principal amount owing to PNC under the invoice discounting agreement as at the Appointment Date was circa £2,082,941, subject to accruing interest and charges

5 26 As at the date of this report, £1,268,299 has been realised from the book debts. The debtor ledger is being collected by the Purchaser on behalf of the secured creditor with the assistance of the Joint Administrators

5 27 Surplus funds available from the book debt collections will be subject to set-off against further funds owed to PNC under their inventory loan facility and property loan

Cash at Bank

5 28 The Company held both a USD and Sterling account with HSBC. As at the Appointment Date, the USD account balance was nil and funds of £3,860 have been transferred to the Company's estate account from the Sterling account

Pre-appointment VAT Refund

- 5 29 The Company submitted a VAT return prior to the Appointment Date with a refund of £15,264. This was remitted to the Administration estate on 10 February 2012.
- 5 30 The Directors are currently preparing the final pre-appointment VAT return for the Company and will submit the return in due course. It is currently anticipated that the return will be in a payable position and no realisations are expected.

Other Debtors

- 5 31 The SOA has a balance of £184,774 in respect of other debtors. A bond guarantee of £110,000 is held by HSBC as security for HMRC in respect to import VAT and duty. The remaining balance relates to a further HSBC guarantee for credit card and foreign exchange exposure. The Joint Administrators are currently reviewing the status of these guarantees and any potential claims that may be made against them. It is currently uncertain whether any funds will be realised for the benefit of the Company.

Investigations

- 5 32 The Joint Administrators' investigations into the Company's affairs are currently ongoing.
- 5 33 The Joint Administrators have a statutory obligation to file a report with DBIS regarding the conduct of the directors that held office in the three years prior to the Administration. This report must be filed within six months from the Appointment Date and the content of this report is confidential.
- 5 34 The Joint Administrators also have a duty to investigate antecedent transactions which include
- Transactions at an undervalue, Section 238 of the Act,
 - Preferences, Section 239 of the Act, and
 - Transactions to defraud creditors, Section 423 of the Act
- 5 35 Investigations remain ongoing. Should any creditor have any general information that they consider may assist the investigations of the Joint Administrators, such information should be forwarded to this office.

Receipts and Payments

- 5 36 The Joint Administrators' Receipts and Payments Account is provided at Appendix 2 and is self explanatory.
- 5 37 A separate receipts and payments account has been prepared for the Administration trading period. This is also attached at Appendix 2.
- 5 38 The receipts and payments account excludes the collection of pre-appointment book debts as these are subject to an invoice discounting agreement and are therefore not an asset of the Company.

Joint Administrators' Agents and Solicitors

- 5 39 Details of the agents and solicitors engaged by the Joint Administrators to assist them with the affairs of the Company can be found at Appendix 6.

6 Statement of Affairs

- 6 1 In accordance with Paragraph 47 of Schedule B1 to the Act the Joint Administrators have requested and received a Statement of Affairs ("SOA") from the Directors
- 6 2 Some creditor amounts shown may differ from the actual amount owed. This does not affect their claim.

7 Statement of Pre-Administration Costs

- 7 1 As stated in paragraph 3 7 and 3 8, Duff and Phelps Ltd were instructed in December 2011 to undertake an independent review of the business and monitor the cash flow requirements of the business while seeking additional funding or a purchaser of the business. The time costs incurred in completing this work are £129,558 and payment of £110,000 was paid by PNC prior to the Appointment Date.
- 7 2 The Joint Administrators incurred pre-appointment time costs totalling £38,393 and a breakdown of their outstanding time costs is attached at Appendix 4. No remuneration in respect of pre-administration costs has been drawn to date.
- 7 3 The Joint Administrators' pre-appointment time costs incurred are in relation to the initial strategic review of the Company, the preparation of the sale documentation and planning for the Company to be placed into Administration in order to facilitate a sale of the Company's business and assets.
- 7 4 In addition to the Joint Administrators' outstanding pre-administration time costs, the Joint Administrators have incurred the following third party pre-administration expenses:

Company	Role	Basis of Fee	Amount Incurred (£)	Amount Paid (£)
Squire Sanders	Solicitors – Ad hoc legal matters and assisting placing the Company into Administration	Time Cost	2,500 00	0 00
SIA Group	Agents – Provided a valuation report of the Company's assets and assisted in the implementation of a stock disposal strategy	Time Cost	19,849 22	0 00
Ansarada Limited	Data room provider – provided a data room to assist with the sale of the business and assets of the Company	Fixed Fee	544 65	0 00

- 7 5 The Joint Administrators confirm that payment of the unpaid pre-Administration costs, as an expense of the Administration, is subject to approval under Rule 2 67A of the Rules, and not part of the proposals subject to approval under Paragraph 53 of Schedule B1 to the Act.

8. Joint Administrators' Remuneration

- 8 1 In accordance with Rule 2 106 of the Rules, it is proposed that the basis on which the Joint Administrators' remuneration should be fixed is by reference to the time properly given by them and their staff in attending to matters arising in the Administration.

8 2 The Joint Administrators' time costs for the period 23 January 2012 up to and including 11 March 2012 total £418,127. A schedule of the time costs charged in the period by the Joint Administrators are as analysed at Appendix 4.

8 3 Information regarding the fees of administrators called "A Creditors' guide to Administrators' fees" can be found on the Joint Administrators' website at www.duffandphelps.com/uk-restructuring. Should you require a copy, please contact this office.

9 Dividend Prospects / Prescribed Part

Secured Creditors

PNC

9 1 In consideration for the monies advanced under the Company's invoice discounting agreement, a property loan and inventory finance facility, the Company granted PNC a debenture dated 29 June 2010, which confers fixed and floating charges over all of the assets of the Company. The invoice discounting agreement results in the assignment of all book debts to PNC.

9 2 As at the Appointment Date, the Company's indebtedness to PNC was c £7,100,000, subject to accruing interest, charges and costs.

9 3 PNC have a prior ranking charge over the fixed and floating assets of the Company over the other secured creditors, being Landsbanki Commercial Finance and Hotbed Limited.

9 4 It is anticipated that there will not be sufficient realisations to repay PNC in full.

Landsbanki Commercial Finance

9 5 According to the SOA, the Company's indebtedness to Landsbanki Commercial Finance as at the Appointment Date was £500,000, subject to accruing interest and charges.

9 6 In consideration for monies advanced under a loan facility, the Company granted Landsbanki Commercial Finance a debenture dated 2 November 2007, which confers fixed and floating charges over the assets of the Company.

9 7 It is anticipated that there will not be sufficient realisations to enable a distribution to Landsbanki Commercial Finance.

Hotbed Limited

9 8 According to the SOA, the Company's indebtedness to Hotbed Limited was £4,050,000.

9 9 In consideration for monies advanced under a loan facility, the Company granted Hotbed Limited a debenture dated 2 November 2007, which confers fixed and floating charges over the assets of the Company.

9 10 It is anticipated that there will not be sufficient realisations to enable a distribution to Hotbed Limited.

Preferential Creditors

9 11 Pursuant to the SOA, the estimated preferential claims are shown as £13,131.

9 12 Although the Joint Administrators are yet to receive notification of the preferential creditors' claims from the RPO, at this stage, it is anticipated that there will be sufficient funds available to enable a distribution to preferential creditors.

- 9 13 The preferential claims will be employees' claims which are likely to be mostly subrogated to the Secretary of State, following payment by the RPO
- 9 14 Following the sale of the business and assets of the Company to the Purchaser, the Company's remaining employees were transferred to the Purchaser pursuant to TUPE. Accordingly, preferential claims will be limited to those employees who were made redundant prior to the Appointment Date

Prescribed Part

- 9 15 The Prescribed Part is calculated as a percentage of net property, as follows -

Net property less than £10,000	50% unless the Joint Administrator considers that the costs of making a distribution to the non-preferential unsecured creditors would be disproportionate to the benefits
Net property greater than £10,000	50% up to £10,000 plus 20% thereafter to a maximum of £600,000

- 9 16 The Joint Administrators are of the opinion, based on the current information, that it is likely that there will be sufficient realisations to enable a distribution to creditors under the Prescribed Part. The quantum and timing of any distribution is uncertain at this time

Non-Preferential Unsecured Creditors

- 9 17 According to the SOA, non-preferential unsecured creditors total £12,561,297. The non-preferential unsecured creditors can be summarised as follows

Creditor	Amount
Trade & Expense Creditors	£ 3,426,977
Inter-Company Loan	£ 7,864,615
HM Revenue & Customs	£ 786,960
Other Accruals	£ 352,186
Unpaid Redundancy Payments	£ 130,558
Total	£ 12,561,297

- 9 18 Based upon the current information available, it is anticipated that there will be insufficient realisations to enable a distribution to the non-preferential unsecured creditors of the Company, other than from the Prescribed Part

- 9 19 If not already done so, creditors of the Company should complete the proof of debt forms at Appendix 7 and return it to the Joint Administrators' office

10. EC Regulations

- 10 1 It is the Joint Administrators' opinion that the EC Regulations applies and these proceedings are main proceedings as defined in Article 3 of the EC Regulation. The centre of main interests of the Company is in England

11. Creditors' Meeting

- 11 1 In accordance with Paragraph 52(1)(B) of Schedule B1 to the Insolvency Act 1986, a creditors' meeting will not be convened as the Joint Administrators believe that the Company will have insufficient property to enable a distribution to be made to non-preferential unsecured creditors, other than from the Prescribed Part (if any)
- 11 2 However, the Joint Administrators shall summon an initial creditors' meeting, if requested to by the creditors of the Company, whose debts amount to at least 10% of the total debts of the Company, using the prescribed form 2 21B, attached at Appendix 6, within 8 business days from the date of this report
- 11 3 Creditors are reminded that the costs of any meeting called shall be paid for by them and that a deposit will be required for such purpose. Such costs may be ordered to be paid as an expense of the Administration if the meeting so resolves

12 End of the Administration

- 12 1 The options available to the Joint Administrators for the exit from the Administration are as follows
- Compulsory Liquidation
 - Creditors' Voluntary Liquidation
 - Company Voluntary Arrangement
 - Return of control to the Director(s)
 - Dissolution of Company
- 12 2 In the event that there are insufficient realisations to permit a distribution to the unsecured creditors, other than from the Prescribed Part, if any, then the Joint Administrators recommend that the Company be dissolved
- 12 3 In that case, it is proposed that once all outstanding matters have been satisfactorily completed by the Joint Administrators, they will give notice to the Registrar of Companies under Paragraph 84 of Schedule B1 to the Act to the effect that the Company has no property to realise which might permit a distribution to its unsecured creditors, at which stage the Administration will cease. The Company will be dissolved three months following the registration of the notice at the Registrar of Companies
- 12 4 In the event that the Joint Administrators form the view that a distribution can be made to the unsecured creditors, then the Joint Administrators recommend that the Company be moved to CVL. If the distribution is from the Prescribed Part then the Joint Administrators may apply to court to pay this distribution in the Administration
- 12 5 It is proposed that the Joint Administrators, currently Benjamin John Wiles and Andrew Gordon Stoneman, be appointed as Joint Liquidators of the Company should it be placed into CVL
- 12 6 You will note from the proposals section below that the Joint Administrators have left the choice of exit route from Administration open so that an alternative strategy can be adopted, should this prove more appropriate at the time

13. Joint Administrators' Proposals

- 13 1 The Joint Administrators propose the following
- 13 1 1 That the Joint Administrators continue the Administration to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect

- 13 1 2 That the Joint Administrators do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they, in their sole and absolute discretion consider desirable or expedient in order to achieve the purpose of the Administration
- 13 1 3 If it is determined at the time, that the Joint Administrators, once all outstanding matters have been satisfactorily completed and that the Company has no property which might permit a distribution to its creditors, they will take the necessary steps to give notice under Paragraph 84 of Schedule B1 of the Act to the Registrar of Companies, at which stage the Administration will cease
- 13 1 4 That the Joint Administrators, when it is anticipated that no further realisations will be made and all outstanding matters have been satisfactorily completed, take the necessary steps to put the Company into either creditors' voluntary liquidation, company voluntary arrangement or into compulsory liquidation if deemed appropriate by the Joint Administrators. It is proposed that the Joint Administrators, currently Benjamin John Wiles and Andrew Gordon Stoneman of Duff & Phelps would act as Joint Liquidators should the Company be placed into creditors' voluntary liquidation. In accordance with Paragraph 83(7) of Schedule B1 to the Act and Rule 2 117 of the Rules creditors may nominate a different person as the proposed liquidator, provided the nomination is received at this office prior to the approval of these proposals. In the absence of such nomination, the Joint Administrators will be appointed Joint Liquidators and, in accordance with Section 231 of the Act, any act required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them
- 13 1 5 That the Joint Administrators be discharged from all liability pursuant to Paragraph 98 of Schedule B1 to the Act, upon filing the end of the Administration or their appointment otherwise ceasing
- 13 1 6 That the Joint Administrators' remuneration, where no Creditors' Committee is established, be fixed by reference to the time properly by them and their staff in attending matters during the Administration and that they be allowed to draw such remuneration as and when funds permit without further recourse to the creditors of the Company
- 13 1 7 That the Joint Administrators' statement of pre-administration costs under Rule 2 33, where no Creditors' Committee is established, be approved for payment in accordance with Rule 2 67A
- 13 1 8 That the Joint Administrators be authorised to draw their firm's internal costs, being costs of business mileage, in dealing with the Administration ("Category 2 Disbursements")
- 13 2 Pursuant to Rule 2 33(5) of the Rules, the proposals in paragraphs 13 1 1 to 13 1 5 shall be deemed to be approved by the creditors on the expiry of the period in which a meeting can be requisitioned by creditors in the manner described in paragraph 11 2 above, provided that no meeting has been so requisitioned
- 13 3 The Joint Administrators will be seeking the following specific resolutions from the secured creditors and the preferential creditors
- 13 3 1 That the Joint Administrators be discharged from all liability pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986, upon filing the end of the Administration or their appointment otherwise ceasing
- 13 3 2 That the Joint Administrators' remuneration, where no Creditors' Committee is established, be fixed by reference to the time properly incurred by them and their staff in attending to matters during the Administration and that they be allowed to draw such remuneration as and when funds permit without further recourse to the creditors of the Company

13 3 3 That the Joint Administrators' statement of pre-administration costs under Rule 2 33, where no Creditors' Committee is established, be approved for payment in accordance with Rule 2 67A

13 3 4 That the Joint Administrators be authorised to draw their firm's internal costs, being cost of business mileage, in dealing with the Administration ("Category 2 Disbursements")

14. Other Matters

14 1 If any creditor has any information concerning the Company's affairs that they would like to bring to the Joint Administrators' attention, then they should be pleased to hear from them

14 2 If you require further information or assistance, please do not hesitate to contact Rebecca Anderson



Benjamin Wiles
Joint Administrator

Enc

The affairs, business and property of the Company are being managed by the Joint Administrators, Benjamin John Wiles and Andrew Gordon Stoneman, who act as agents for the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association.

Appendix 1

Statutory Information

Statutory Information

Date of Incorporation	5 December 1996
Registered Number	03288247
Company Director(s)	Ian Gary Jones Nicholas Ridings Michael Colin Tuck
Company Secretary	Nicholas Ridings
Shareholder	Avocet Holdings Limited - 1,000,000 Ordinary Shares
Trading Address	Brookfoot Mills Elland Road Brighouse West Yorkshire HD6 2RW
Registered Office	Current: 43-45 Portman Square London W1H 6LY Formerly: Brookfoot Mills Elland Road Brighouse West Yorkshire HD6 2RW

Financial Information

Balance Sheet

	As at 30 November 2010 (Management Accounts) (£'000)	As at 31 December 2010 (Audited) (£'000)	As at December 2009 (Audited) (£'000)
Fixed Assets	£	£	£
Tangible Assets	5,358	5,596	5,826
Investments	3,490	3,490	3,490
	8,848	9,086	9,316
Current Assets			
Stocks	£ 6,223	£ 8,565	£ 9,367
Debtors	£ 4,619	£ 8,883	£ 9,739
Cash at bank & in hand	£ (297)	£ -	£ 45
Prepayments	£ 459	£ -	-
	£ 11,004	£ 17,448	£ 19,151
Current Liabilities			
Trade Creditors (falling due within one year)	£ (11,748)	£ (11,228)	£ (25,165)
Net current assets / (liabilities)	£ (744)	£ 6,220	£ (6,014)
Total assets less current liabilities	8,104	15,306	3,302
Creditors (amounts falling due after more than one year)	£ (9,114)	£ (15,249)	£ (2,500)
Net assets	(1,010)	57	802

Capital and Reserves					
Called up share capital	£	1,010	£	1,000	£ 1,000
Profit and Loss Account	£		£	(943)	£ (198)
	£	(1,010)	£	57	£ 802

Profit and Loss

	As at 30 November 2010 (Management Accounts) (£'000)	As at 31 December 2010 (Audited) (£'000)	As at 31 December 2009 (Audited) (£'000)
Turnover	£ 27,605	£ 37,873	£ 38,338
Cost of sales	(20,322)	(32,208)	(32,986)
	£	£	£
Gross Profit	7,282	5,665	5,352
Distribution Costs	(3,425)	(1,095)	(1,212)
Administration Expenses	(4,407)	(4,823)	(5,086)
Operating Loss	(550)	(253)	(946)
Income from group undertakings	-	427	119
Other interest receivable and similar income	(561)	3	1
Interest payable and similar charges	-	(856)	(584)
Loss on ordinary activities before tax	(1,111)	(679)	(1,410)
Tax on loss on ordinary activities	(121)	(66)	(55)
Loss for the financial year	(1,232)	(745)	(1,465)

Appendix 2

Joint Administrators' Receipts and Payments Account

Avocet Hardware Limited
(In Administration)
Joint Administrators' Trading Account

Statement of Affairs	From 23/01/2012 To 16/03/2012
POST APPOINTMENT SALES	
Website Sales	6,510 63
	<u>6,510 63</u>
OTHER DIRECT COSTS	
Management Charge	33,035 55
Direct Labour	334,956 74
Employee Expenses	6,924 00
Other payroll deductions	1,995 16
	<u>(376,911 45)</u>
TRADING EXPENDITURE	
PAYE / NIC	60,638 75
Repairs & Maintenance	950 00
Vehicle Running Costs	207 77
Stationery	261 50
Forwarding Services	89,382 36
Duty	115,632 25
Domain Name Charge	11 00
HSBC Merchant Services Charge	1,152 92
Pensions	6,170 30
Sage Pay Charge	50 00
	<u>(274,456 85)</u>
TRADING SURPLUS/(DEFICIT)	<u><u>(644,857 67)</u></u>

Avocet Hardware Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 23/01/2012 To 16/03/2012
	SECURED ASSETS	
1,950,000 00	Freehold Land & Property	195,000 00
	Goodwill	200,000 00
	Gross Bank Interest - Fixed Account	0 54
3,000,000 00	Book Debts	0 00
		<u>395,000 54</u>
	COSTS OF REALISATION	
	Property Search Fee	<u>1,150 00</u>
		(1,150 00)
	ASSET REALISATIONS	
50,000 00	Furniture & Equipment	49,998 00
1,500,000 00	Stock	750,000 00
3,630 00	Employee Float	2,691 10
	Pre appointment VAT refund	15,264 06
2,919 41	Cash at Bank and Merchant Service Funds	3,860 15
	Rent	600 00
	Work in Progress	1 00
	Bank Interest Gross	26 94
	Third Party Funds	10,715 73
	Trading Surplus/(Deficit)	(644,857 67)
	Seller's Records	1 00
	Pension Refund	2,510 17
44,716 64	Prepayments	0 00
200,000 00	Investment	0 00
184,774 39	Other Book Debts	0 00
		<u>190,810 48</u>
	COST OF REALISATIONS	
	Agents/Valuers Fees	26,220 00
	Agents/Valuers Disbursements	1,362 60
	Legal Fees	2,250 00
	Stationery & Postage	228 40
	Pension Refunds	2,510 17
	Bank Charges	795 00
		<u>(33,366 17)</u>
		<u><u>551,294 85</u></u>
	REPRESENTED BY	
	Import VAT	894,079 63
	VAT Receivable	13,158 56
	Fixed bank account	393,850 54
	Floating/main current account	635,026 12
	PNC Administration Funding	(1,384,700 00)
	VAT payable	(120 00)
		<u><u>551,294 85</u></u>

Appendix 3

Statement of Affairs

Statement of affairs

Name of company Avocet Hardware Limited	Company Number 03288247
In the High Court of Justice, Chancery Division Companies Court The Strand London WC2A 2LL (full name of court)	Court Case Number 463 of 2012

(a) Insert name and address
of registered office of the company

Statement as to the affairs of (a) Avocet Hardware Limited

(b) Insert date

On the (b) 23 January 2012, the date that the Company entered Administration

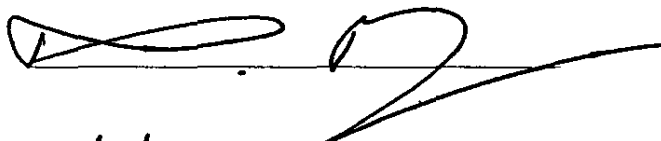
Statement of Truth

I believe that the facts stated in this Statement of Affairs are a full, true
and complete statement of the affairs of the above named Company as
at (b) 23 January 2012, the date that the Company entered into Administration

Full name

DICKENS ANDREW RIDINGS

Signed



Dated

3/2/12

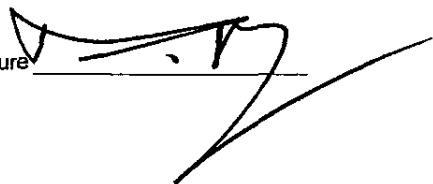
INSOLVENCY ACT 1986

DIRECTORS STATEMENT OF AFFAIRS

A - Summary of Assets

Assets	Notes	Book Value £	Estimated to realise £
Assets subject to fixed charge			
	Land and buildings	4,835,331 21	1,950,000 00
			1,950,000 00
Assets subject to a floating charge			
	Stock (as at 230112)	5,404,488 99	1,500,000 00
	Debtors (as at 230112)	3,136,602 15	3,000,000 00
			4,500,000 00
	Cash floats	4,230 00	3,630 00
	HSBC bank account	2,919 41	2,919 41
	Other debtors	184,774 39	184,774 39
	Inter company debtor	12,535 38	-
	Prepayments - insurance	75,884 86	-
	Prepayments	253,641 62	44,716 64
	Fixed assets- plant and equipment	44,508 25	50,000 00
	Fixed assets- computers	84,747 71	
	Fixed assets- motor vehicles	-	
	Fixed assets- fixtures and fittings	125,627 26	
	Fixed assets- tools/dies	218,735 83	
	Investment	3,489,800 00	200,000 00
			486,040 44
Uncharged assets		0	
Estimated total assets available for preferential creditors		17,873,827 06	6,936,040.44

Signature



Date

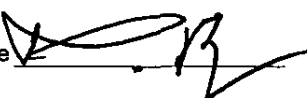
2/2/12

INSOLVENCY ACT 1986

DIRECTORS STATEMENT OF AFFAIRS

A1 -Summary of liabilities

		Estimated to realise
Estimated total assets available for preferential creditors (carried from page A)		£ 6,936,040 44
Liabilities		
Preferential creditors	£	
Unpaid holiday pay/overtime	-13,130 74	
Estimated deficiency/surplus as regards preferential creditors		£ 6,922,909 70
Estimated prescribed part of net property where applicable (to carry forward)	£ 0	
Estimated total assets available for floating charge holders		£ 6,922,909.70
Debts secured by floating charges	£	
Loans PNC (including property loan - £1,723,000)	- 6,789,161 78	
Loans Landsbanki	- 435,000 00	
Loan Notes Hotbed	- 4,050,000 00	
Estimated deficiency/surplus of assets after floating charges		£ - 4,351,252.08
Estimated prescribed part of net property where applicable (brought down)	0	
Total assets available to unsecured creditors		£ - 4,351,252.08
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£	
Trade creditors	- 3,426,977 38	
Inter company creditor	- 7,864,615 19	
VAT/duty/PAYE/NI	- 786,960 01	
Other accruals (excluding redundancy payments)	- 352,185 88	
Unpaid redundancy payments	- 130,558 62	
Total	- 12,561,297 08	
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		£ - 16,912,549 16
Shortfall to floating charge holders (brought down)		
Estimated deficiency/surplus as regards creditors		- 16,912,549 16
Issued and called up capital	- 1,000,000 00	
Estimated total deficiency/surplus as regards members		£ - 17,912,549.16

Signature 

Date 3/2/12

- 24,848,589 60
- 12,574,427 82

COMPANY SHAREHOLDERS

[illegible]

Signature

Date

3/2/12

Appendix 4

Analysis of Time Charged and Expenses Incurred

Avocet Hardware Limited (In Administration)

Analysis of Administrators' time costs for the period 10 January 2012 to 22 January 2012

Classification of Work	Hours					Total	Time	Av
Function	Partner	Manager	Senior	Assistant	Support	Hours	Cost	hourly
							£	Rate
Administration and Planning								£
Strategy planning & control	6 00	15 10	6 20	0 50		27 80	10,477 00	376 87
Dealing with notice of intention to appoint	3 00	2 50				5 50	2,510 00	456 36
Dealings with Directors and Management	3 00					3 00	1,635 00	545 00
Cashiering & accounting		0 30	0 80	0 20		1 30	383 00	294 62
IPS set up & maintenance			0 20			0 20	58 00	290 00
Realisation of Assets								
Book debts		59 00				59 00	20,650 00	350 00
Sale of business	1 00		2 00	0 50		3 50	1,232 50	352 14
Creditors								
Secured Creditors	2 00					2 00	1,090 00	545 00
Communications with Creditors/Employees				2 10		2 10	357 00	170 00
Total Hours	15 00	76 90	9 20	3 30	0 00	104 40		367.74
Total Fees Claimed (£)	8,175 00	26,976 50	2,653 00	588 00	0 00		38,392 50	

Category 2 Disbursements

There are no category 2 disbursements for this case to date

Avocet Hardware Limited (In Administration)

Analysis of Administrators' time costs for the period 23 January 2012 to 11 March 2012

Classification of Work Function	Hours					Total	Time	Av
	Partner	Manager	Senior	Assistant	Support	Hours	Cost £	hourly Rate £
Administration and Planning								
Strategy planning & control	23 00	20 60	38 20	3 80		85 60	30,506 00	356 38
Case review and Case Diary management			0 20	49 20		49 40	10,410 00	210 73
Cashiering & accounting	0 60	6 40	14 00	2 10		23 10	7,066 50	305 91
Statutory matters (Meetings, Reports and Notices)		0 30	2 30	19 90	3 7	26 20	4,619 00	176 30
Statement of affairs		0 30	1 10			1 40	369 00	263 57
Insurance			1 00			1 00	255 00	255 00
IPS set up & maintenance		0 20	0 10	0 60		0 90	209 00	232 22
Tax Compliance/Planning				0 20		0 20	34 00	170 00
Investigations								
Financial review and investigations (S238/239 etc)		0 40				0 40	140 00	350 00
Realisation of Assets								
Sale of business	117 00	20 30	69 20	1 60		208 10	91,209 50	438 30
Book debts	14 50	164 70				179 20	65,649 50	366 35
Stock and Work In Progress	3 00	2 10	1 00			6 10	2,660 00	436 07
Freehold and Leasehold Property		1 20	0 50			1 70	565 00	332 35
Hire Purchase and Lease Assets			0 80	1 00		1 80	407 00	226 11
Plant, Machinery, Fixtures and Motor Vehicles			0 10	0 60		0 70	131 00	187 14
Trading								
Trading - Operations		121 50	149 50	63 00		334 00	94,317 00	282 39
Trading - Retention of Title, Claims handling		24 60	96 40	10 70		131 70	34,464 50	261 69
Trading - Employees		16 60	3 30	91 90		111 80	26,236 00	234 67
Trading - Accounting		45 90	38 00	1 50		85 40	26,071 50	305 29
Trading - Hire Purchase Matters			2 50	0 20		2 70	649 00	240 37
Trading - Insurance				0 20		0 20	34 00	170 00
Creditors								
Secured Creditors	19 50	3 90	0 20			23 60	12,219 00	517 75
Non Pref Creditors/Employee claims handling		1 40	21 90	1 40		24 70	7,098 50	287 39
Communications with Creditors/Employees		0 30	2 30	11 10		13 70	2,772 00	202 34
Non Pref Creditor claims adjudication and dist'n		0 10				0 10	35 00	350 00
Total Hours	177 60	430 80	442 60	259 00	3 70	1,313 70		318 28
Total Fees Claimed (£)	96,792 00	152,479 00	115,186 50	53,558 50	111 00		418,127 00	

Category 2 Disbursements

There are no category 2 disbursements for this case to date

Appendix 5

Joint Administrators' Agents and Solicitors

Avocet Hardware Limited (In Administration)
Administration Expenses

Company	Role	Basis of	
		Fee Incurred	Amount Paid
SIA Group	Chattels agents – Valuation of stock and chattel assets and Time Cost assist Joint Administrators in the sale of these assets	27,582 60 (£)	27,582 60 (£)
Squire Sanders (UK) LLP	Solicitors – Review the sale of business contract, assist with Time Cost placing the Company into Administration and other ad hoc legal matters	73,000 00	0 00
Simmons Gainsford	Tax agents – Review tax position for refunds and complete tax returns for the Administration period	5,000 00	0 00
Accurate Mailing	Mailing agent – Print and send by post correspondence to the Company's creditors and members	228 40	228 40

The Joint Administrators' choice of those instructed was based on their perception of the ability and experience to perform this type of work, the complexity and nature of the assignment and the basis of the Joint Administrators' fee arrangement with them

Appendix 6

Form 2 21B Creditor's Request for a Meeting

Rule 2 37

Creditor's request for a meeting

Name of Company
Avocet Hardware Limited

Company number
03288247

In the
High Court of Justice, Chancery Division,
Companies Court

Court case number
463 of 2012

(a) Insert full name and address of the creditor making the request

I (a)

(b) Insert full name and address of registered office of the company

request a meeting of the creditors of Avocet Hardware Limited (In Administration)

(b) Registered Office
c/o Duff & Phelps Ltd
43-45 Portman Square
London
W1H 6LY

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and address(es) of creditors concurring with the request (if any) and their claims in the administration if the Requesting creditor's claim is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of concurrence

(e) Insert details of the purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated

Appendix 7

Proof of Debt Form

Proof of Debt – General Form

Avocet Hardware Limited (In Administration)		
Date of Administration 23/01/2012		
1	Name of creditor (If a company please also give company registration number)	
2	For correspondence Address of creditor	
	Contact telephone number of creditor	
	Email address of creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into Administration	
4	Details of any documents by reference to which the debt can be substantiated (Note There is no need to attach them now but the Administrator may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting)	
5	If amount in 3 above includes outstanding uncapitalised interest please state amount	£
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)	
7	Particulars of any security held, the value of the security, and the date it was given	
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates	
9	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or in relation to creditor	
	Address of person signing (if different from 2 above)	
For Administrators' Use only		
Admitted to vote for		Admitted for dividend for
£		£
Date		Date
Administrator		Administrator