

**2.24B****Administrator's progress report**

Name of Company  Coventry Electrical Wholesalers Limited	Company number  03654113
In the High Court of Justice, Chancery Division, Companies Court	Court case number 9884 of 2011

We  
Richard James Philpott  
KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH United Kingdom

Mark Jeremy Orton  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Administrators of the above company attach a progress report for the period

from	to
11 May 2012	10 October 2012

Signed

  
Joint Administrator

Dated

16 October 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 searchers of the public record.

Victoria Horishny KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH United Kingdom DX Number DX 709850 Birmingham 26		Tel DX Exchange
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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

MONDAY



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05/11/2012

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COMPANIES HOUSE



**Coventry Electrical Wholesalers Limited - in  
administration**

Report to Creditors pursuant to Rules 2.112 and 2.47  
of the Insolvency Rules 1986 (as amended)

For the period  
11 May 2012 to 10 October 2012

KPMG LLP

10 October 2012

*This report contains 15 pages*

*Appendices contain 7 pages*

Rjp/rm/vh/lf



*Coventry Electrical Wholesalers Limited - in administration*

*Progress report 11 May 2012 to 10 October 2012*

*KPMG LLP*

*10 October 2012*

## **About this Report**

This Report has been prepared by Richard James Philpott and Mark Jeremy Orton, the Administrators of Coventry Electrical Wholesalers Limited, solely to comply with their statutory duty under the Insolvency Act and Rules 1986 to provide creditors with an update on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in Coventry Electrical Wholesalers Limited.

Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this Report for any purpose or in any context other than under the Insolvency Act and Rules 1986 does so at their own risk. To the fullest extent permitted by law, the office holders do not assume any responsibility and will not accept any liability in respect of this Report to any such person.

Richard James Philpott and Mark Jeremy Orton are authorised to act as insolvency practitioners by the Insolvency Practitioners Association.

The Joint Administrators act as agents for Coventry Electrical Wholesalers Limited and contract without personal liability. The appointments of the Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the administration.



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***Coventry Electrical Wholesalers Limited - in administration***

*Progress report 11 May 2012 to 10 October 2012*

*KPMG LLP*

*10 October 2012*

## **1 Glossary**

Administration Order	The Administration Order granted in the High Court of Justice, Chancery Division, Companies Court, Court Order Number 9884 of 2011
Administrators/ Joint Administrators	Richard James Philpott Mark Jeremy Orton of KPMG LLP
the Bank/RBSIF	RBS Invoice Finance Limited
the Company	Coventry Electrical Wholesalers Limited
Directors	Simon Collins Simon John Tuffield
Our Agents	Jones Lang LaSalle
Our Lawyers	Mishcon de Reya
VBDR	VAT bad debt relief
Act	The Insolvency Act 1986 (as amended by The Enterprise Act 2002)
Rules	The Insolvency Rules 1986 (as amended)



## **2 Executive Summary**

This progress report is provided pursuant to Rules 2.112 and 2.47 of the Insolvency Rules 1986 (as amended) and covers the period from 11 May 2012 to 10 October 2012

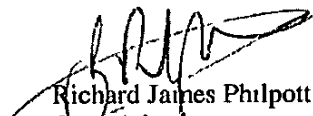
During the period, the Administrators have submitted a VAT bad debt relief claim ("VBDR") totalling £208,845 to HM Revenue and Customs. The claim has been approved but funds have not been received into the administration at the date of this report. This is the final asset realisation in the case with no further recoveries expected.

Following approval of the VBDR claim, a dividend is expected to be available to the preferential creditors.

However, given the level of realisations, it is estimated that there will be insufficient funds to make a distribution to the unsecured creditors.

This report accompanies a request to the secured and preferential creditors to extend the current administration order by six months, pursuant to Paragraph 76(2)(b) of Schedule B1, Insolvency Act 1986 (as amended), to 10 May 2013.

Full details of the Administrators Progress Report are attached together with all the relevant statutory information included by way of Appendices



Richard James Philpott  
Joint Administrator



### **3 Progress of the administration to date**

#### **3.1 Asset realisations**

##### **3.1.1 Book debts**

As previously advised, all pre-appointment trade debtors were subject to an invoice discounting agreement with RBSIF. At the date of appointment the sales ledger stood at approximately £1.98 million against which RBSIF had advanced £1.366 million (before termination charges) as at 11 November 2011.

Collections of book debts has now concluded resulting in realisations of £193,657 which has been paid directly to RBSIF. The balance of debts are uncollectable.

RBSIF are expected to suffer a shortfall and, as a consequence, there will not be funds from this source available for the preferential and unsecured creditors.

The Joint Administrators have reached an agreement with RBSIF that the costs associated with overseeing book debt collections will be met from these realisations. Fees totalling £9,683 have been billed to RBSIF and have been paid directly to the Joint Administrators.

##### **3.1.2 VAT bad debt relief ("VBDR") claim**

As previously reported, the Company suffered a number of bad debts prior to the Administrators' appointment and reconciliation work has been undertaken in order to determine the quantum of a potential VBDR claim.

A claim totalling £208,845 has been submitted and agreed by HM Revenue and Customs, and repayment is expected shortly.

#### **3.2 Costs of realisations**

##### **3.2.1 Joint Administrators' remuneration**

In the period, 11 May 2012 to 10 October 2012, the Joint Administrators have incurred time costs of £28,712, representing 119 hours at an average hourly rate of £242. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG LLP in-house specialists. A detailed analysis of time spent is attached at Appendix 3.

Additionally, the Joint Administrators' outlays and disbursements for the period 11 May 2012 to 10 October 2012 are £82.80. A schedule of these costs is attached at Appendix 3.

In summary, the key areas in which the Administrators' costs have been necessarily incurred are as follows:

- Finalising and submitting the VBDR claim,
- Finalising outstanding issues with our Solicitors regarding disputed book debts, and
- Dealing with all statutory and reporting requirements



The Joint Administrators propose that their remuneration be fixed on the basis of time properly given by them and their staff in dealing with matters arising during the period of the administration, based on time properly spent at KPMG LLP charge out rates that reflect the complexity of this assignment

Under rule 2 106 of the Rules, where the Joint Administrators have made a statement under Paragraph 52(1)(b) of Schedule B1 of the Act it is for the secured and preferential creditors to fix the remuneration of the Joint Administrators. In this respect, a voting form is attached to this report. No fees have been drawn to date.

The statutory provisions relating to remuneration are set out in Rule 2 106 of the Rules. Further information is given in the Association of Business Recovery Professionals' publication *A Creditors' Guide to Administrators' Fees*, a copy of which can be obtained at [http://www.r3.org.uk/media/documents/technical\\_library/SIPS/SIP%209%20E&W.pdf](http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP%209%20E&W.pdf) however, if you are unable to access this guide and would like a copy please contact Victoria Horishny.

### **3 2 2 Other costs of realisations**

A schedule of expenses for the period of 11 May 2012 to 10 October 2012 is shown at Appendix 4. This details amounts incurred in the period whether currently paid or not.

In addition to Administrators' costs set out above, heat and light costs for the leasehold properties totalling £34 have been paid, relating to costs accrued in prior periods.

### **3 2 3 Pre-appointment costs**

The Administrators and their staff incurred time costs of £5,895 in preparing for the administration appointment. These costs have not been paid and the Administrators do not intend to recover pre-appointment costs as an expense of the administration.

## **4 Funds available to creditors**

### **4 1 1 Secured creditors**

As previously detailed, RBSIF provided an invoice discounting facility to the Company, and RBSIF's estimated indebtedness at appointment was £1 366m (before termination charges). RBSIF holds a fixed and floating charge debenture dated 18 December 2008 over the Company's assets.

RBSIF will suffer a shortfall against its indebtedness based on final debtor collections.

### **4 2 Preferential creditors**

Preferential creditors are estimated at £31,000 and are made up of employee arrears of wages and holiday pay claims.





Based on the outcome of the VBDR claim, a dividend is expected to be available to preferential creditors. Preferential creditor claims will be agreed and paid following receipt of the VBDR funds.

#### **4.3 Unsecured creditors**

As previously advised, the Company had total unsecured claims of £2,797,980 per the Company books and records.

In accordance with Section 176A of the Act, the Joint Administrators are required to set aside a prescribed part of the Company's net property, that would otherwise be available to the holder of the floating charge, for the benefit of unsecured creditors. The prescribed part is a computation based on the Company's net property and is calculated as 50% of the first £10,000 of floating charge realisations after costs of realisation, and 20% of floating charge realisations after costs thereafter, which is capped at £600,000.

After providing for estimated outstanding costs, including payment of preferential creditor claims, insurance costs and administrators fees, the Company's net property is currently estimated to be less than £10,000. As a result, the prescribed part is likely to be disapplied.

### **5 Other matters**

#### **5.1 Investigations**

As previously advised, the Administrators have a duty to investigate whether potential causes of action exist against third parties which would increase recoveries for creditors.

The Administrators have now completed their investigation and no further action was deemed appropriate.

#### **5.2 Next steps**

As detailed in section 3.1.2 the VBDR claim has been approved by HM Revenue and Customs but has not yet been paid. As a result, it is proposed that the administration is extended by six months, pursuant to Paragraph 76(2)(b) of Schedule B1, Insolvency Act 1986 (as amended), to 10 May 2013, in order to recover these funds and make the appropriate distribution to creditors.

Since the Joint Administrators made a statement under Paragraph 52(1)(b) of Schedule B1 of the Insolvency Act 1986, the consent for this extension is sought from the secured and preferential creditors.

The Joint Administrators intend to file a notice to dissolve the Company once the outstanding matters have been finalised, pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986.

This concludes the Administrator's progress report to creditors.



## **Appendix 1 - Statutory information**

Company name and Trading style	Coventry Electrical Wholesalers Limited Wholesaler of electrical goods		
Administration Order	The Administration Order granted in the High Court of Justice, Chancery Division, Companies Court, Court Order Number 9884 of 2011		
Date of appointment	11 November 2011		
Present Administrators' details	Richard James Philpott is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association  Mark Jeremy Orton is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association		
Functions	The functions of the Administrators are being exercised by either or both of them in accordance with Paragraph 100(2) of Schedule B1 of the Act		
Application of EC regulations	EC regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC regulations		
Company Directors		Appointed	Resigned
	Simon Collins	22/10/1998	n/a
	Simon John Tuffield	01/10/2001	n/a
Company Secretary	Lisa Collins		
Date of incorporation	22 October 1998		
Company registration number	03654113		
Previous registered office	Unit 1 Lagrange, Lichfield Road Industrial Estate, Tamworth, Staffordshire, B79 7XD		
Present registered office	One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH		




*Coventry Electrical Wholesalers Limited - in administration*  
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**Appendix 2 - Office holders' Receipts and Payments account for the period 11 May 2012 to 10 October 2012.**

**Coventry Electrical Wholesalers Limited**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Estimated financial position		From 11/05/2012 To 10/10/2012	From 11/11/2011 To 10/10/2012
	<b>ASSET REALISATIONS</b>		
	Plant & machinery	NIL	800 00
3500 00	Furniture and IT equipment	NIL	200 00
6000 00	Motor vehicles	NIL	6,240 00
2000.00	Stock	NIL	4,500 00
		NIL	11,740 00
	<b>OTHER REALISATIONS</b>		
	Sundry refunds	NIL	581 32
		NIL	581 32
	<b>COST OF REALISATIONS</b>		
	Agents'/Valuers' fees	NIL	3,938 80
	Legal fees	NIL	2,575 00
	Heat & Light	34 28	34 28
	Statutory advertising	NIL	76 50
	Other property expenses	NIL	1,543 12
	Wages & salaries	NIL	1,161 18
	PAYE & NIC	NIL	247 80
	Bank charges	NIL	44.00
		(34 28)	(9,620 68)
		<u>(34 28)</u>	<u>2,700.64</u>
	<b>REPRESENTED BY</b>		
	Floating ch VAT rec'able		1,639 99
	Floating charge current		2,700 64
	Floating ch VAT payable		(2,348.00)
	Floating ch VAT control		708 01
			<u>2,700.64</u>

  
Richard James Philpott  
Administrator



### Appendix 3 - Analysis of office holders' time costs for the period 11 May 2012 to 10 October 2012

	Partner / Director	Manager	Admin- istrator	Support	Total hours	Time cost	Average hourly rate
<b>Administration &amp; planning</b>							
<b>Cashiering</b>							
General (Cashiering)			1 95		1 95	£451 75	£231 67
Reconciliations (& IPS accounting reviews)			0 80		0 80	£192 00	£240 00
<b>General</b>							
Books and records			2 00		2 00	£350 00	£175 00
Fees and WIP		1 70	0 45		2 15	£681 25	£316 86
<b>Statutory and compliance</b>							
Checklist & reviews	0 10	4 40	1 25		5 75	£1,790 25	£311 35
Closure and related formalities		0 50	4 50		5 00	£960 00	£192 00
Reports to debenture holders		1 00			1 00	£345 00	£345 00
Statutory receipts and payments accounts			0 30		0 30	£72 00	£240 00
Strategy documents	0 20				0 20	£107 00	£535 00
<b>Tax</b>							
Post appointment VAT	0 40	10 30	2 40		13 10	£4,240 50	£323 70
<b>Creditors</b>							
<b>Creditors and claims</b>							
General correspondence			4 00		4 00	£700 00	£175 00
Statutory reports		3 50	12 50		16 00	£3,395 00	£212 19
<b>Employees</b>							
Correspondence		0 50			0 50	£172 50	£345 00
DTI redundancy payments service		0 60			0 60	£207 00	£345 00
Pension funds		0 20			0 20	£69 00	£345 00
<b>Realisation of assets</b>							
<b>Asset Realisation</b>							
Debtors		21 20	42 80		64 00	£14,804 00	£231 31
Leasehold property			1 00		1 00	£175 00	£175 00
<b>Total in period</b>	<b>0 70</b>	<b>43 90</b>	<b>73 95</b>	<b>0 00</b>	<b>118 55</b>	<b>£28,712 25</b>	<b>£242 20</b>

All staff who have worked on this assignment, including cashiers and secretarial staff have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.



## **Scale Rates**

The table below details the relevant charge out rates during the period

<b>Scale rates</b>	<b>2011 -2012</b>
	<b>£</b>
Partner	535
Director	460
Senior Manager	425
Manager	345
Administrator	240
Assistant Administrator	175

## **Joint Administrators' expenses for the period 11 May 2012 to 10 October 2012**

<b>Expense</b>	<b>£</b>
Printing	82 80
<b>Total</b>	<b>82 80</b>

Fee approval is currently being discussed with the secured and preferential creditors. No fees have yet been drawn and it is not envisaged that costs will be recovered in full.

Creditors are to determine if the quantum of the fees to be taken is reasonable. The analysis included at Appendix 3 should be reviewed and any additional information can be requested by any secured creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with rule 2.48A IR86. This request must be made within 21 days receipt of the report. The full text of that rule can be provided on request. In addition creditors are reminded that the quantum can be challenged by unsecured creditor(s) with at least 10% in value excluding that creditors claim by making an application to court in accordance with rule 2.109 IR86. The full text of this rule can also be provided on request.



*Coventry Electrical Wholesalers Limited - in administration*

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## **KPMG Restructuring policy for the recovery of disbursements**

Where funds permit the officeholder will look to recover both category 1 and category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows

**Category 1 disbursements** These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff

**Category 2 disbursements** These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage

Any disbursements paid from the estate are disclosed within the attached summary of disbursements

**The only Category 2 disbursements that KPMG Restructuring currently charges is mileage, this is calculated as follows:**

Mileage claims fall into three categories

Use of privately-owned vehicle or car cash alternative – 40p per mile

Use of company car – 60p per mile

Use of partner's car – 60p per mile

For all of the above car types, when carrying passengers an additional 5p per mile per passenger will also be charged where appropriate



Coventry Electrical Wholesalers Limited - in administration

Progress report 11 May 2012 to 10 October 2012

KPMG LLP

10 October 2012

#### Appendix 4 - Schedule of expenses for the period 11 May 2012 to 10 October 2012

Nature of the expense	Account	Accrued in the period (£)	Paid in the period (£)	Unpaid costs accrued in prior periods (£)	Total (£)
Costs of realisations	Agents'/valuers' fees				
	Administrators' fees	28,795		297,014	325,809
	Legal fees				
	Statutory advertising				
	Other property expenses				
	Heat and light		34	1,132	1,166
	Wages and salaries				
	PAYE & NIC				
	Bank charges				
<b>Total</b>		<b>28,795</b>	<b>34</b>	<b>298,146</b>	<b>326,975</b>

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