

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company
Kilobuild Roofing & Cladding Ltd

Company number
03700506

In the High Court of Justice Chancery Division Birmingham District Registry (full name of court)

Court case number 8359 of 2009

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

I/We (a)
Gerald Clifford Smith
Vantis Business Recovery Services
104/106 Colmore Row
Birmingham
B3 3AG

Beverley Jayne Marsh
Vantis Business Recovery Services
104/106 Colmore Row
Birmingham
B3 3AG

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

(b) Insert date

From
(b) 4 December 2009

To
(b) 5 June 2010

Signed


Joint / Administrator(s)

Dated

28 June 2010**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 register

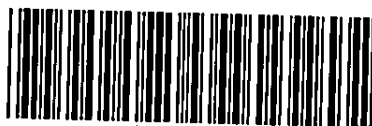
Gerald Clifford Smith
Vantis Business Recovery Services
104/106 Colmore Row
Birmingham
B3 3AG

DX Number

DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

THURSDAY



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COMPANIES HOUSE



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Recovery Services**
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**TO ALL MEMBERS AND ALL KNOWN
CREDITORS**

your ref

our ref GCS/RS/MR/J

date 28 June 2010

please ask for Marisa Ricketts

Dear Sirs

KILOBUILD ROOFING & CLADDING LIMITED - IN ADMINISTRATION ("THE COMPANY")

Pursuant to Rule 2.47 of the Insolvency Rules 1986, I provide below my report on the progress of the above Administration since my last report dated 18 December 2009.

1. Statutory Information

Gerald Clifford Smith and Beverley Jayne Marsh, licensed insolvency practitioners, were appointed Joint Administrators of the Company by the qualifying floating chargeholder, Challenge Finance Limited (In Administration) on 5 June 2009.

Gerald Clifford Smith and Beverley Jayne Marsh are both licensed by the Institute of Chartered Accountants for England and Wales.

The Administration is registered in the High Court of Justice, Birmingham District Registry, under reference number 8359 of 2009.

The registered office and trading address of the Company has been changed from Concept House, Orchard Court IV, Binley Business Park, Coventry CV3 2TQ to c/o Vantis, 104/106 Colmore Row, Birmingham, B3 3AG, and its registered number is 03700506

In accordance with Paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the Administrators may be exercised by either or both, acting jointly or alone.

2. The Administrators' Proposals

As previously advised, 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

The rescue of the Company as a going concern was not considered feasible due to concerns over the ongoing viability of the Company and the likely level of funding to meet existing and future

working capital commitments. The third objective will be achieved, that of realising property in order to make a distribution to one or more secured or preferential creditors.

This was achieved through the sale of the Company's assets as follows:

- realisation of office equipment, furniture and motor vehicle; and
- The on-going collection of outstanding contract debts.

The Administrators' proposals were sent to all creditors on 28 July 2009. In accordance with Paragraph 52 (1) (b) of Schedule B1 of the Insolvency Act 1986, an initial meeting of creditors was not convened because we considered there would be insufficient property to enable a distribution to be made to non preferential creditors (other than the Prescribed Part). Furthermore, we did not receive a request from 10% or more in value of the creditors to requisition a creditors' meeting.

Accordingly, under Rule 2.33 (5) of the Insolvency Rules 1986, the proposals were deemed to be approved by creditors.

3. Progress of the Administration

Attached at Appendix A is an abstract of Receipts and Payments for the period from 5 June 2009 to 4 December 2009 together with an account from 5 December 2009 to 4 June 2010, on which we comment below:

Sale of assets

As previously reported the Company's office furniture and equipment were sold for £1,500.

Motor Vehicles under Finance

As previously reported a net surplus of £526.74 was received following the sale of a motor vehicle subject to a finance agreement with BMW Financial Limited

Book Debts

As previously advised Challenge Finance Limited – In Administration ("Challenge") provided an invoice discounting facility to the Company in relation to book debts.

Hilton Baird Collection Services Limited ("HBCS") was instructed by Challenge to assist with the collection of book debts.

Since our appointment Challenge's agents have reported £58k has been collected against total debtors of £1.16m.

HBCS initially advised that under a best case scenario £430k was collectable and under a worst case scenario £288k was collectable. However following a debt collection exercise HBCS have experienced a number of disputed debts equating to c£700k ledger balances with a further £400k requiring further paperwork and/or contra charges.

HBCS have therefore revised their estimates and now only anticipate a further £12k will be collected at best making an estimated total of £70k.

Utility refunds

£354.88 received from Coventry City Council regarding a rates refund.

PAYE Refund

This represents a refund of PAYE and NI deductions for the tax year 2007/08.

Insurance Refund

Refund from BUPA health insurance.

Cash at Bank

The Company's bank account with Lloyds TSB Bank plc was in credit at the date of our appointment for £39,451.40 this has been transferred to the Administrators' account.

4. Administrators' Remuneration

The Secured creditor approved the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the Administration.

The Joint Administrators' time costs at 4 June 2010 are £34,484.84. This represents 189.62 hours at an average rate of £181.86 per hour. Attached at Appendix B is a time analysis that provides details of the activity costs incurred by staff grade for the period since our appointment.

Since our last report, time has been spent on progressing the Administration including assisting HBCS in the collection of the book debts, sale of the assets and investigations into the Company's affairs

The total fees drawn at the date of this report are £32,477.84.

Attached at Appendix C is additional information in relation to our policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.

5. Outcome for Creditors

At the date of our appointment the Company's indebtedness to Challenge was £377k. On current information, it is unlikely that Challenge will receive a full recovery under its security.

The Redundancy Payments Office ("RPO") and employees have a combined preferential claim arising from employee claims for wage arrears and holiday pay in the total sum of £30k. However we have recently received an additional claim for wage arrears and holiday pay from one of the directors which has still to be agreed

Based on current information an estimated dividend of c30p in the pound will be paid to preferential creditors.

Due to the low level realisations of the unencumbered assets there is no likelihood of a dividend being paid to unsecured creditors

6. Ending the Administration.

As detailed above, a dividend is due and payable to preferential creditors only, however the claims could not be finalised before the anniversary of my appointment, therefore it has been necessary to extend the Administration

Additionally, prior to our appointment an allegation of fraud had been made in respect of a former employee. We have recently been informed that the court case has been heard; the former staff member has received a custodial sentence and the Company has been awarded a compensatory claim. Further enquiries will have to be progressed to establish whether any benefit will be received in the Administration.

In accordance with the Joint Administrators' proposals, the consent of the secured and preferential creditors was sought to a six month extension of the Administration period to 5 December 2010. This consent was granted, and the relevant notice has been filed with Registrar of Companies and court confirming the extension.

Once all matters in the Administration have been finalised and in accordance with the Joint Administrators' proposals which were approved by the creditors, we will file Form 2.35B, Notice of move from Administration to Dissolution, pursuant to Para 84 of Schedule B1 of the Insolvency Act 1986 together with our final progress report at Court and with the Registrar of Companies. The appointment will end following the registration of the Notice by the Registrar of Companies.

The Company will be deemed to be dissolved at the end of the three month period beginning from the date of registration of the Notice by the Registrar of Companies.

The Joint Administrators will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

7. Next Report

The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised.

Yours faithfully
For and on behalf of
Kilobuild Roofing & Cladding Limited



Gerald Smith
Joint Administrator
Licensed by the Institute of Chartered Accountants in England & Wales

The affairs, business and property of the Company are being managed by the Joint Administrators
The Joint Administrators act as agents of the Company and without personal liability

Receipts and Payments Account up to 4 June 2010

Appendix A

	From 05/12/2009 To 04/06/2010	From 05/06/2009 To 04/06/2010
SECURED ASSETS		
Book Debts subject to a Fixed Charge	2,031.08	25,746.74
Bank Interest	0.02	0.02
	<u>2,031.10</u>	<u>25,746.76</u>
SECURED CREDITORS		
Challenge Finance Ltd In Administratio	2,031.08	25,746.74
	<u>(2,031.08)</u>	<u>(25,746.74)</u>
HIRE PURCHASE		
Motor Vehicle under Finance	NIL	17,473.26
Settlement of Finance Agreement	NIL	(17,473.26)
	<u>NIL</u>	<u>NIL</u>
ASSET REALISATIONS		
Furniture & Equipment	NIL	1,500.00
Motor Vehicle	NIL	526.74
Insurance Refund	NIL	860.99
Cash at Bank	NIL	39,451.40
PAYE Refund	NIL	4,512.85
Rates Refund	NIL	354.88
Bank Interest Gross	0.09	0.15
	<u>0.09</u>	<u>47,207.01</u>
COST OF REALISATIONS		
Administrators' Remuneration	12,117.50	32,477.84
Administrators' Disbursements	NIL	319.60
Agents/Valuers Fees	NIL	1,610.00
Legal Fees	NIL	2,036.00
Insurance of Assets	150.15	150.15
	<u>(12,267.65)</u>	<u>(36,593.59)</u>
	<u>(12,267.54)</u>	<u>10,613.44</u>
REPRESENTED BY		
Vat Receivable		1,112.56
Floating Current A/c		9,500.88
		<u>10,613.44</u>

Time Analysis for the Period from 5 June 2009 to 4 June 2010

Appendix B

<u>Classification of Work</u>	<u>Partners Hours</u>	<u>Managers Hours</u>	<u>Administrators & Support Staff Hours</u>	<u>Total Hours</u>	<u>Time Cost £</u>	<u>Average Rate p/h</u>
Administration and Planning	1 00	20 30	10 40	31.70	6,580 00	207 57
Asset Realisations	-	3 00	13 60	16 60	3,022 00	182 05
Travel	-	-	1.00	1 00	170.00	170 00
Case Accounting	-	0 50	12 87	13 37	1,399 84	104 70
Employees	-	-	14 80	14 80	2,496 00	168 65
Investigatory Work	-	2.50	18 10	20 60	3,602 00	174.85
Meetings	-	8 00	-	8 00	1,680 00	210 00
Statutory Compliance	-	2 00	5 50	7.50	1,395 00	186 00
Statutory Reporting	-	6 00	15 80	21 80	3,946 00	181 01
Tax & VAT	-	4 00	2 75	6.75	1,287 50	190 74
Unsecured Creditors	-	2 00	13 70	15 70	2,606 50	166 02
Debt Collection	-	19 50	12.30	31 80	6,300 00	198 11
Total Hours	1 00	67 80	120 82	189.62		
Total Time Cost	340 00	14,434 00	19,771 84		34,484.84	
Average Rate per Grade	340 00	212 89	163 65			181.86

Summary of Disbursements

<u>Category 1</u>	<u>£</u>
Statutory Advertising	75 60
Insolvency Bond	98.00
Company Searches	6400
Mileage @ 40p/mile	130.00
Travel	12 00
Total Disbursements	319.60

1 Policy

Detailed below is Vantis 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 practice¹ 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.

Required professional practice classifies expenses into two broad categories:

- Category 1 expenses (approval not required) – specific expenditure that is directly related to a particular insolvency case, where the cost of the expense incurred is referable against an independent external supplier's invoice or published tariff of charges,
- Category 2 expenses (approval required) – all other items of expenditure:
 - Which cannot, or cannot easily, be directly related to a particular insolvency case because there is an element of shared or allocated cost; and/or
 - Where the cost of the expense incurred is an estimated, unitised cost with the estimated based on external costs or opportunity cost.

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.

¹ Statement of Insolvency Practice 9 (SIP 9) effective from April 2007

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
Edward Symmons LLP	Hourly rate and disbursements
Wilkes Partnership	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.

2 **Charge-out Rates**

A schedule of Vantis charge-out rates for this assignment is detailed below

	From 1 January 2009 £/hr	From 1 March 2010 £/hr
Partner		
Partners	340	400
Manager:		
Manager	225	265
Assistant Manager	210	225
Administrator:		
Senior	170	210
Trainee Administrator	90	105
Support Staff:		
Case Accountant	90	90
Assistant	75	90