

The Insolvency Act 1986

Administrator's progress report

Name of Company

Chomette Limited

Company number

03803564

In the
High Court of Justice Chancery Division
(full name of court)Court case number
5814 of 2012(a) Insert full
name(s) and
address(es) of
administrator(s)We (a)
David Riley
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YUDavid Dunckley
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

Joint administrators of the above company attach a progress report for the period

From

To

(b) Insert date

(b) 16 July 2012

(b) 15 January 2013

Signed

Joint Administrator

Dated

12/2/13

Contact Details.

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

The contact information that you give will be visible to searchers of the public record

David M Riley
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

DX Number

020 7184 4300
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

FRIDAY



A31 15/02/2013 #12
COMPANIES HOUSE

Our Ref DMR/ZLC/ALO/EZF/C01407

To the creditors

Recovery and Reorganisation

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12 February 2013

Dear Sirs

Chomette Limited - In Administration (the Company)
High Court of Justice Chancery Division
No 5814 of 2012

1 Introduction

1.1 Following my appointment as joint administrator of the above Company with David Dunckley by the director on 16 July 2012, I now report on the progress of the administration to 15 January 2013 and attach

- Appendix A, Form 2.24B, together with an account of our receipts and payments for the period from 16 July 2012 to 15 January 2013 and also for the whole administration to date
- Appendix B, a statement of the remuneration charged by the joint administrators in the period 16 July 2012 to 15 January 2013 and a statement of expenses incurred in the period
- Appendix C, an analysis of our time costs as required by Statement of Insolvency Practice 9
- Appendix D, an extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the administrator (Rule 2.48A)
- Appendix E, an extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the administrator's remuneration or expenses, if excessive (Rule 2.109)
- Form 2.25B voting form for a resolution that the joint administrators be discharged from liability in accordance with paragraph 98 of Schedule B1 of the Insolvency Act 1986 with effect from 14 days after the final progress report is sent to creditors

1.2 Please note that we are both authorised by The Insolvency Practitioners Association to act as insolvency practitioners

1.3 In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them

Chartered Accountants

Member firm within Grant Thornton International Ltd
Grant Thornton UK LLP is a limited liability partnership registered in England and Wales No OC307742 Registered office Grant Thornton House, Melton Street, Euston Square, London NW1 2EP
A list of members is available from our registered office

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business

A list of personnel permitted by Grant Thornton to accept appointments as insolvency practitioners and of their respective authorising bodies may be inspected at the above address

2 Statutory information

2.1 The Company's statutory details are as follows

Registered number	03803564
Registered office	c/o Grant Thornton UK LLP 4 Hardman Square Spinningfields Manchester M3 3EB

3 Pre-appointment expenses

3.1 Pre-appointment costs total £19,269. The sum of £10,000 (plus VAT) incurred by the administrators was approved and paid by the secured creditor, HSBC Invoice Finance (UK) Limited (HSBCIF). At a meeting of creditors held by correspondence on 2 November 2012 the remaining pre-appointment costs of £9,269 (plus VAT) were approved to be paid as an expense of the administration.

4 Progress report

Assets

Trading sales

4.1 As previously advised the joint administrators decided that an orderly wind-down, by way of disposing of the stock to the Company's client base, was the best way to achieve the objective of the administration and maximise realisations. This was decided since, despite the marketing of the Company, a sale could not be achieved. An orderly wind down allowed the realisable value of the stock to be maximised and assisted with the preservation and recovery of the Company's sales ledger.

4.2 Following the appointment, 18 of the Company's 29 employees were made redundant. The remaining employees were retained to assist with the orderly wind down. During the course of this process staffing requirements were monitored by the administrators.

4.3 As set out in my proposals, the Company held stock which consisted of chinaware, glassware and kitchenware, which had an estimated value of c£1.2 million at cost. The director's statement of affairs indicated a realisable value of £600,000. The stock was not subject to any detailed audit by the administrators, however, it should be noted that some stock was identified as being obsolete.

4.4 Sales of the Company's stock to the existing customer base generated receipts of £365,020.

4.5 A number of retention of title claims were received which were reviewed in detail and, where appropriate, legal advice was sought. All of the claims, except one, have been resolved.

Book Debts

4.6 At the date of appointment the director's statement of affairs stated that the Company's debtor ledger had a book value of £968,362. However, after a review of the ledger it is apparent that this sum would not be realised in full due to a number of disputed debts.

- 4 7 The Company had assigned its book debts under a confidential invoice discount arrangement to HSBCIF who were owed £316,073 HSBCIF also had fixed and floating charges over the assets of the Company dated 30 December 2007, and any surplus from the ledger had been assigned to HSBC Bank Plc (HSBC) who were owed £435,783
- 4 8 To date, book debt collections have been sufficient in order to repay HSBCIF and HSBC in full plus termination charges and interest and provide a surplus of £99,361 to the Company
- 4 9 As HSBCIF and HSBC have been paid in full from debtor collections, the remaining debtor ledger of £156,151 was re-assigned to the Company Winterhill Largo Plc (Winterhill) have been instructed to assist with collecting the remaining debtors and, to date, the sum of £8,122 has been collected Winterhill have advised of a number of disputed debts

Shareholdings

- 4 10 As previously reported, the Company holds a 10% shareholding in Pullivuyt SPA, a French registered company who supplied porcelain and glass to the Company In order to progress any sale and to comply with regulations it was necessary to correspond with all shareholders and invite offers
- 4 11 To date, I have received two offers for the Company's shareholding and am currently progressing the sale of the higher offer In order to progress the sale of the shares it has been necessary to instruct legal representatives in France

Chattel & stock assets

- 4 12 Following the conclusion of the trading sales Winterhill were requested to prepare a valuation and assist with the disposal of the Company's tangible assets which included fixtures and fittings, computer equipment, motor vehicles and the balance of stock
- 4 13 Much of the Company's fixtures and fittings and computer equipment was of negligible value
- 4 14 Sales of the Company's remaining stock and chattel assets generated £62,016

Liabilities

Secured Creditors

- 4 15 HSBCIF has fixed and floating charges over the Company's book debts and a floating charge over the Company's assets Both charges are dated 31 December 2007 and at the date of appointment HSBCIF were owed £316,073 Book debt collections have been sufficient to re-pay HSBCIF in full
- 4 16 HSBC has fixed and floating charges over the Company's assets dated 10 September 1999 and at appointment were owed £435,783 HSBC had the benefit of a legal assignment from the Company for any surplus funds available from book debt realisations HSBC has been repaid in full from book debt realisations

- 4 17 As both of the secured creditors have been paid in full from fixed charge realisations there will be no prescribed part distribution to be set aside for the benefit of the unsecured creditors under Section 176A of the Insolvency Act 1986

Preferential Creditors

- 4 18 Preferential claims are estimated at c£13,879. It is anticipated that a distribution to preferential creditors will be made.

Unsecured Creditors

- 4 19 The director's statement of affairs estimated unsecured claims at £7,750,158. It is anticipated that a dividend will be available to the unsecured creditors following the conversion from administration to creditors voluntary liquidation.

5 Conversion to liquidation

- 5 1 The administration will end within the next six months, at which point the joint administrators require their discharge from liability. I attach an appropriate resolution on Form 2 25B and should be grateful if you would return it by 12 00 noon on 28 February 2013 to Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB for your vote to be valid.

- 5 2 The resolution to be considered is as follows:

'The joint administrators be discharged from liability in accordance with paragraph 98 of Schedule B1 to the Insolvency Act 1986 with effect from 14 days after they send their progress report to creditors.'

- 5 3 Following receipt of the discharge from liability, I intend to file form 2 35B, notice of move from administration to creditors voluntary liquidation at the Registrar of Companies, and propose that David Dunkley and I be appointed as joint liquidators to enable funds to be distributed to the unsecured creditors.

6 Joint administrators' remuneration and expenses

- 6 1 On 2 November 2012, the creditors resolved that the administrators draw their remuneration by reference to our time costs. You will note from the SIP 9 table attached at Appendix C that our time costs to 15 January 2013 are £251,283 and from the receipts and payments account attached at Appendix A that we have drawn £100,000 (plus VAT) to date. Time costs of £151,283 incurred in the period but not drawn as remuneration to date are disclosed in Appendix B.

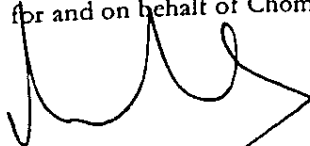
- 6 2 In addition, we have drawn expenses of £4,412 as indicated in Appendix A and have further expenses to take in due course as set out in Appendix B.

- 6 3 Background information regarding the fees of administrators can be found at www.insolvency-practitioners.org.uk (navigate via 'Regulation and Guidance' to 'Creditors Guides to Fees'). Alternatively, we will supply this information by post on request. Time is charged in 6 minute units.

7 Other expenses incurred by the joint administrators

- 7.1 Winterhill's fees in dealing with the valuation work, together with the chattel assets and stock disposals amount to £36,498
- 7.2 Winterhill have incurred expenses of £932 in relation to their assistance with book debt collections
- 7.3 Legal fees of £15,502 have been paid Eversheds LLP in relation to work undertaken to progress our appointment as joint administrators, reviewing the security held by HSBCIF and HSBC and continued legal advice, including advice on the Company's shareholding in Pullivuyt SPA
- 7.4 ERA Solutions have been paid £3,768 for their assistance with employee redundancies and employee claims
- 7.5 Fees of £1,140 have been paid to GMS Security Services Limited in respect of their work in conducting property inspections and security

Yours faithfully
for and on behalf of Chomette Limited



David Riley
Joint Administrator

The affairs, business and property of Chomette Limited are being managed by David Riley and David Dunkley, appointed as joint administrators on 16 July 2012

Enc

Chomette Limited - in administration
 Receipts and payments account
 from 16 July 2012 to 15 January 2013

	Statement of affairs £	Total £
Receipts		
Stock		51,929 76
Book Debts	968,361 71	857,379 91
Bank Interest		144 96
Stock / Sales	600,000 00	313,090 14
Furniture & Equipment	20,000 00	0 00
Book Debts		5,922 63
Bank/ISA InterestGross		9 10
Misc Refunds		51 00
Fxd Ch VAT on Sales		62,865 11
Vat Payable		10,385 96
		<hr/> 1,301,778 57 <hr/>
Payments		
Rates		2,729 18
Heat & Light		849 55
Expenses		622 00
Administrators Fees		100,000 00
Administrators Expenses		4,411 93
Carriage		5,987 83
Legal Fees		15,502 00
Refunds		1,022 22
Net Wages		39,240 16
Other payroll deductions		2,044 72
Purchases		4,580 51
PAYE / NI		20,890 97
Commussion		18,723 04
Rent		34,940 23
Bank Charges		1,574 08
Chargeholder (1)		316,073 20
Chargeholder (2)		435,783 44
Rates		8,957 58
Professional Fees		3,767 70
Telephone Telex & Fax		661 71
Statutory Advertising		360 00
Other Property Expenses		1,273 07
Bank Charges		26 60
Vat on Purchases		362 47
Fxd Ch VAT on Purchases		34,660 10

Chomette Limited - in administration
 Receipts and payments account
 from 16 July 2012 to 15 January 2013

	Statement of affairs £	Total £
HMRC - Fxd VAT received/paid		59,549 81
		<u>1,114,594 10</u>
Balance - 15 January 2013		<u>187,184.47</u>
Made up as follows		
Fixed Current Account		179,535 20
Floating Current Account		7,649 27
		<u><u>187,184 47</u></u>

B Remuneration charged and expenses incurred by the administrators in the period to 15 January 2013.

	Paid to date	Charged/ accrued in period but not yet paid	Total
	£	£	£
Joint administrators' fees			
Time costs	100,000	151,283	251,283
Expenses	4,422	179	4,601
Professional fees.			
Employment services – ERA Solutions Limited	3,768	-	3,768
Winterhill Largo	-	37,430	37,430
Legal fees			
Eversheds LLP	15,502	-	15,502
Statutory Advertising:			
Courts Advertising	360	-	360
	<u>124,052</u>	<u>188,892</u>	<u>312,944</u>

C SIP 9 information

Introduction

The following information is provided in connection with the administrators' remuneration and disbursements in accordance with SIP 9

Explanation of Grant Thornton UK LLP charging and disbursement recovery policies

Time costs

All partners and staff are charged out at hourly rates appropriate to their grade, as shown on the attached schedule. Details of the hourly charge-out rates are made available to creditors or committees at the time of fixing the basis of our fees. Support staff (ie secretaries, cashiers and filing clerks) are charged to the case for the time they work on it.

	From 01/07/11	From 01/07/12
	£	£
Partners up to	560	580
Managers up to	425	440
Administrators up to	300	310
Assistants and support staff up to	205	210

Disbursements

Out of pocket expenses are charged at cost. Mileage is charged at standard rates which comply with HM Revenue and Customs limits or AA recommended rates. VAT is added to disbursement charges as necessary.

Chomette Limited - in Administration - C30201407 - SIP 9 TIME COST ANALYSIS

Job(s) Administration, CMU

Transaction period All transactions

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Detailed Version

Standard	Partner		Manager		Executive		Administrator		Total		
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Avg Hly Rate
Administration and Planning	19 65	9,432 00	28 20	11,623 00	160 31	41,299 90	77 66	11,551 40	285 82	73,906 30	258 58
Creditors	7 20	3,456 00	34 65	15,042 00	38 80	10,733 00	2 30	401 00	82 95	29,632 00	357 23
Hiatus period											
Investigations	50	240 00	3 40	1,496 00	11 60	3,176 00	1 00	150 00	16 50	5,062 00	306 79
Realisation of Assets	9 25	4,440 00	99 60	43,824 00	136 00	35,227 50	3 00	465 00	247 85	83,956 50	338 74
Trading			23 05	10,125 75	161 75	44,305 00			184 80	54,430 75	294 54
Total	36 60	17,568 00	188 90	82,110 75	508 46	134,741 40	83 96	12,567 40	817 92	246,987 55	301 97

Total fees billed to date (Time) £ 100,000

D An extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the administrator

Rule 2 48A

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

E An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the liquidator's remuneration or expenses if excessive

Rule 4 131

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application by a creditor may be made on the grounds that -
 - (a) the remuneration charged by the liquidator,
 - (b) the basis fixed for the liquidator's remuneration under Rule 4 127, or
 - (c) expenses incurred by the liquidator,
 is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 4 49E(5), be made no later than 8 weeks (or in a case falling within Rule 4 108, 4 weeks) after receipt by the applicant of the progress report or the draft report under Rule 4 49D, which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no cause is shown for a reduction, dismiss the application, but it shall not do so unless the applicant has had an opportunity to attend the court for a hearing, of which he has been given at least 5 business days' notice, but which is without notice to any other party
If the application is not dismissed under this paragraph, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the liquidator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders -
 - (a) an order reducing the amount of remuneration which the liquidator was entitled to charge
 - (b) an order fixing the basis of remuneration at a reduced rate or amount
 - (c) an order changing the basis of remuneration
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the liquidation
 - (e) an order that the liquidator or the liquidator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify
 and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the liquidation