

The Insolvency Act 1986

**Administrator's progress report**

Name of Company First Class Cars Limited	Company number 03832464
---	----------------------------

In the High Court	Court case number 647/2013
-------------------	-------------------------------

[full name of court]

(a) Insert full name(s) and  
address(es) of  
administrator(s)I / We (a) Brian Baker, Kingston Smith & Partners LLP, Devonshire House, 60 Goswell Road, London, EC1M 7AD

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

from

to

(b) Insert dates

(b) 8<sup>th</sup> February 2013(b) 24<sup>th</sup> June 2013

Signed



Joint / Administrator(s)

Dated 12th July 2013

**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.

	Tel
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

SATURDAY



\*A2CIF9KZ\*

A10

13/07/2013

#265

COMPANIES HOUSE

# **Administrator's Final Progress Report**

**For the Period**

**8th February 2013 to 24<sup>th</sup> June 2013**

**First Class Cars Limited -  
In Administration**

**12<sup>th</sup> July 213**

## CONTENTS

1	Statutory Information
2	Administrator's Proposals
3	Progress of the Administration
4	Pre-administration Costs
5	Administrator's Remuneration
6	Administrator's Expenses
7	Investigations
8	Unrealised Assets
9	Outcome for Creditors
10	Creditors' rights
11	Ending the Administration

## APPENDICES

Receipts and Payments Account for the Period from 8 <sup>th</sup> February 2013 to 24 <sup>th</sup> June 2013	Appendix A
Time Analysis for the Period from 8 <sup>th</sup> February 2013 to 24 <sup>th</sup> June 2013	Appendix B
Outcome Statement as at 24 <sup>th</sup> June 2013	Appendix C
Additional Information in Relation to Administrator's Fees Pursuant to Statement of Insolvency Practice 9	Appendix D

## 1 Statutory Information

- 1 1 I was appointed Administrator of First Class Cars Limited (the **Company**) on 8<sup>th</sup> February 2013. The application for the appointment of an Administrator was made by the Company.
- 1 2 This Administration was handled by Kingston Smith & Partners LLP, situated at Devonshire House, 60 Goswell Road, London, EC1M 7AD.
- 1 3 The Administration is registered in the High Court, under reference 647 of 2013.
- 1 4 The trading address of the Company was Kensal House, President Way, Luton, Bedfordshire, LU2 9NR.
- 1 5 The registered office of the Company is Devonshire House, 60 Goswell Road, London, EC1M 7AD and its registered number is 03832464.

## 2 Administrator's Proposals

- 2 1 As previously advised, the Administrator must perform his 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.
- 2 2 The only significant asset held by the Company was the loan due from the Director. The strategy for achieving the above objectives was therefore to recover £288,000 of the outstanding director's loan, allowing a payment of c 82p in the £ for creditors. The Director holds few assets, so in order to recover the loan, the assets of the Company were sold to a new company, which had been set up by the Director. From the trading profits of this company the Director will be able to contribute regular sums to the Company in repayment of the loan.
- 2 3 The proposal was modified at the meeting of creditors held on the 26<sup>th</sup> March 2013 to ensure the Company was placed into liquidation within 3 months of the meeting. The Administration was therefore converted to a Creditors Voluntary Liquidations ("CVL") on 24<sup>th</sup> June 2013.

**3 Progress of the Administration**

- 3.1 Attached at Appendix A is my Receipts and Payments Account for the period from 8th February 2013 to 24th June 2013
- 3.2 The business and assets of the Company were sold in a pre-packaged sale of the business and assets. I provided details of the sale in my letter to creditors dated 21<sup>st</sup> February 2013, and again in my proposals dated 6<sup>th</sup> March 2013, which were subsequently approved with modification by creditors on 26<sup>th</sup> March 2013
- 3.3 In accordance with Statement of Insolvency Practice No 13 (SIP13), I would advise you that the following assets were sold to a company under the control of the Director of the Company

Date of Transaction	Asset Involved and Nature of Transaction	Consideration Paid and Date	Sold To	Relationship
08/02/2013	Goodwill, including Business Intellectual Property Rights, office furniture & equipment, registration plates, customer contracts	£23 000	FCC Worldwide Chauffeurs Limited	Associated company

This transaction was fully detailed in my proposals dated 6<sup>th</sup> March 2013

## FIRST CLASS CARS LIMITED - IN ADMINISTRATION

### 4 Pre-administration Costs

- 4.1 On 26th March 2013 the following amounts in respect of pre-administration costs were approved

Charged by	Brief description of services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
Kingston Smith & Partners LLP	Advising the Company & negotiation of the sale	15,000 00	7,500 00	First Class Cars Limited	7,500 00
Kingston Smith & Partners LLP	Category 1 Disbursements - Travel	49 50	Nil	n/a	49 50
Kingston Smith & Partners LLP	Category 1 Disbursements - Court Filing	39 40	Nil	n/a	39 40
Kingston Smith & Partners LLP	Category 2 Disbursements - Mileage	39 90	Nil	n/a	39 90
Key Appraisal Limited	Valuation of plant & machinery	3,000 00	Nil	n/a	3,000 00
asb Law	Dealing with associated sale contract	5,000 00	5,000 00	Paid out of funds received for Administrator's costs	Nil

### 5 Administrator's Remuneration

- 5.1 The Creditors approved that the basis of the Administrator's remuneration be fixed by reference to the time properly spent by him and his staff in managing the Administration
- 5.2 The Administrator's time costs at 24<sup>th</sup> June 2013 are £27,032. This represents 95 hours at an average rate of £284 per hour. Attached as Appendix C is a Time Analysis which provides details of the activity costs incurred by staff grade during this final period in respect of the costs fixed by reference to time properly spent by me in managing the Administration
- 5.3 A significant portion of these time costs was incurred in obtaining an agreement with the Director for the repayment of his loan. This has involved detailed discussions with his accountant and solicitor
- 5.4 Dealing with my statutory duties in preparing the Proposal, calling and holding the meeting of creditors, and dealing with creditor queries also accounts for a significant amount of the time costs. My other statutory matters, including advertising my appointment, obtaining a Statement of Affairs, and submission of my report to the Insolvency Service

## FIRST CLASS CARS LIMITED - IN ADMINISTRATION

- 5 5 The remainder of the time costs have been incurred in dealing with collecting in Company debtors, and the receipts relating to the sale of the business and assets of the Company
- 5 6 Attached as Appendix D is additional information in relation to this firm's policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade
- 5 7 The total fees drawn since my appointment are £10,000 plus disbursements of £540

A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from [www.ksp LLP.co.uk/creditorsguidetofees](http://www.ksp LLP.co.uk/creditorsguidetofees)

- 5 8 The balance of the Administrator's remuneration of £17,032 will be drawn as an expense of the Liquidation

## 6 Administrator's Expenses

Details of expenses incurred by the Administrator during the period since the last progress report to creditors are outlined below together with an explanation, where applicable, as to why any of these expenses remain unpaid

Supplier / Service Provider	Nature of expense incurred	Amount incurred to date £	Paid to date £	Amount Outstanding* £
TMP Worldwide Limited	Advertising	251 03	251 03	Nil
Coffin Mew LLP	Legal advice	300 00	300 00	Nil
Companies House	Company Searches	9 00	9 00	Nil
Marsh Limited	Bonding	320 00	320 00	Nil
Out of pocket expenses	travel	11 50	11 50	Nil

## 7 Investigations

- 7 1 In accordance with the Company Directors Disqualification Act 1986 I have submitted a report on the conduct of the Directors of the Company to the Department for Business Innovation & Skills (BIS). As this is a confidential report, I am not able to disclose the contents
- 7 2 Shortly after appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be

## FIRST CLASS CARS LIMITED - IN ADMINISTRATION

appropriate. This assessment took into account information provided by creditors either at the initial meeting or as a response to my request to complete an investigation questionnaire.

- 7.3 HMRC have specifically requested an investigation into potential illegal drawings of dividends by the Director and/or preferential payments. This investigation is on-going, and will be continued in Liquidation.

### 8 Unrealised Assets

- 8.1 The Director's loan is expected to take 2 years to be realised to the level agreed by creditors. It is therefore not yet realised in full and will now be dealt with in the liquidation.
- 8.2 The Director has begun repayment of the loan. I have received one payment of £9,000, and am expecting a further payment of £15,000 shortly. I have agreed a repayment plan with the Director, although this is yet to be formalised, which will be done in the Liquidation.
- 8.3 The Company's book debts were estimated to realise c £39,000 after the chargeholder was paid in full. The chargeholder has now been paid in full, and I have collected £21,238 of the book debts. Collection is on-going in the liquidation, and I expect to collect further debts in the future.

### 9 Outcome for Creditors

- 9.1 An Outcome Statement as at 24<sup>th</sup> June 2013 is attached at Appendix E. The costs of the process have increased from my estimate included in my proposals. This is due to the dealings with the director requiring greater input than was first imagined, and difficulties in collecting the Company's book debts. The modifications to the proposals have also meant that the Company has entered liquidation sooner than imagined, and so costs have increased here as well. The estimated dividend has therefore been reduced from c 82p/£ to c 77p/£. However this is still a far greater return than would be achieved from a Bankruptcy scenario, as outlined in my original proposals.

#### *Secured Creditors*

- 9.2 National Westminster Bank Plc holds a fixed and floating charge over the Company's assets. At the date of the Administration the indebtedness to the secured creditor was estimated at £nil and has now been agreed at £nil.
- 9.3 RBS Invoice Finance Limited holds a fixed and floating charge over the Company's assets. At the date of the Administration the indebtedness to the secured creditor was estimated at



£52,500 This has now been repaid in full through the book debt collection, meaning there are no longer any secured creditors outstanding

*Preferential Creditors*

- 9 4 The Company has no preferential creditors

*Unsecured Creditors*

- 9 5 I have received claims totalling £366,376 from 10 creditors I have yet to receive claims from 33 creditors whose debts total £71,718 as per the Director's Statement of Affairs

- 9 6 The Company granted a floating charge to RBS Invoice Finance Limited on 7<sup>th</sup> January 2012 Accordingly, I was required to create a fund out of the Company's net floating charge property for unsecured creditors However, the secured creditor has been repaid in full from its fixed charge over the factored book debts, meaning the prescribed part will not be required

- 9 7 I expect to make a dividend to unsecured creditors once I hold sufficient funds to enable a distribution to be economic On the current information I have this will be approximately at the anniversary of the start of the Administration

**10 Creditors' rights**

- 10 1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Administrator provide further information about his remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report
- 10 2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Administrator's remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Administrator, as set out in this progress report, are excessive

**11 Ending the Administration**

- 11 1 The Modified Proposals allowed only for an exit to liquidation Accordingly I sent notice of the move from Administration to Creditors Voluntary Liquidation, Form 2 34B, to the Registrar of Companies on 18<sup>th</sup> June 2013 It was subsequently registered by the Registrar of Companies on 24<sup>th</sup> June 2013

**FIRST CLASS CARS LIMITED - IN ADMINISTRATION**

11 2 The Administrator was discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 following his appointment as Administrator ceasing to have effect on 24<sup>th</sup> June 2013

For and on behalf of  
First Class Cars Limited



**B BAKER**  
**Liquidator**  
**Former Administrator**

**FIRST CLASS CARS LIMITED - IN ADMINISTRATION**

**Receipts and Payments Account for the Period from 8th February 2013  
to 24th June 2013**

**Appendix A**

FIRST CLASS CARS LIMITED - IN ADMINISTRATION

First Class Cars Limited  
(In Administration)

Administrator's Abstract Of Receipts And Payments  
To 24 June 2013

RECEIPTS	Statement of Affairs (£)	Total (£)
Goodwill	15,000 00	15,000 00
Motor Vehicles	519,160 00	0 00
Book Debts	91,440 00	0 00
Office Furniture & Equipment	3,499 00	3,499 00
Number Plates	4,500 00	4,495 00
Customer Contracts	1 00	0 00
Book Debts		21,237 75
Cash at Bank		56 25
Directors loan	288,000 00	9,000 00
		<hr/> 53,288 00 <hr/>
<b>PAYMENTS</b>		
Finance Companies	(519,160 00)	0 00
Invoice Finance Company	(56,440 00)	0 00
Pre Administration Costs		7,500 00
Office Holders Fees		10,000 00
Office Holders Expenses		469 30
Agents/Valuers Fees (1)		3,000 00
Legal fees (2)		300 00
Statutory Advertising		251 03
Ordinary Shareholders	(1,000 00)	0 00
Transfer to Liquidation		27,463 60
Vat Receivable		4,304 07
		<hr/> 53,288 00 <hr/>
Net Receipts/(Payments)		<hr/> 0 00 <hr/>

MADE UP AS FOLLOWS

---

0 00

---

## Time Analysis for the Period from 8th February 2013 to 24th June 2013

## Appendix B

## First Class Cars Limited

## Summary of Fees and Expenses

From 08/02/2013 to 24/06/2013

## Time Costs

The following is a summary of the time costs incurred by the Office Holder and his staff in the administration of this matter. It should be read in conjunction with the Office Holder's Report for the period referred to above.

Work Activity	Partner Hrs	Manager / Supervisor Hrs	Administrator Hrs	Other Hrs	Total Hrs	Time Costs (£)	Average Costs (£)
☐ Administration & Planning	8 50	10 17	13 75	0 75	33 17	10,031 71	302 46
☐ Investigations	1 67	2 17	4 17		8 00	2,251 01	281 38
☐ Realisation of Assets	1 42	14 42	10 42		26 25	7,452 74	283 91
☐ Creditors	3 75	4 08	18 83		26 67	7,086 92	265 76
☐ Other		0 67			0 67	209 33	314 00
Grand Total	15 33	31 50	47 17	0 75	94 75	27,031 71	

## Notes

1 All costs are shown excluding VAT and include an element of undrawn work in progress. It should also be noted that the office holder's fees and other expenses included in his Abstract Receipts and Payments, will include irrecoverable VAT, where the insolvent was not formerly registered for VAT.

2 The time accounting system utilised by Kingston Smith & Partners LLP does not allow for analysis of time, by task, prior to 30 November 2002.

## Disbursements

## Category 1 Disbursements

411 69

These are out of pocket expenses which are directly attributable to the case. These are charged to the case and billed as funds allow.

## Category 2 Disbursements

These are costs which are allocated to the case, where no direct costs are applicable. In this case, category 2 disbursements have been charged to the case as follows:

Outcome Statement as at 24th June 2013

Appendix C

		£
<b>Income</b>		
Sale of Business and Assets		23,000
Director's Loan repayment		288,000
Book Debts		35,020
<b>Total Income</b>		<b>346,020</b>
<b>Expenses</b>		
Pre-Administration costs		10,629
Administrators Fees		27,032
Administrators Expenses		341
Other costs		551
Estimated Liquidators Fees		25,000
<b>Total Expenses</b>		<b>63,553</b>
<b>Assets available for unsecured creditors</b>		<b>282,467</b>
Unsecured creditors		366,376
<b>Estimated Dividend rate (p/£)</b>		<b>77 1</b>

**Additional Information in Relation to Administrator's Fees Pursuant to  
Statement of Insolvency Practice 9**

**Appendix D**

**1 Policy**

Detailed below is Kingston Smith & Partners LLP's policy in relation to

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

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

The 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, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

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

**1.2 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
asb Law (legal advice)	Hourly rate and disbursements
Marsh Limited (insurance)	Risk-based premium
Kay Appraisal (valuation and disposal advice)	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.

13 *Disbursements*

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

We would confirm that this firm does not seek to charge any Category 2 disbursements.

*Charge-out Rates*

A schedule of Kingston Smith & Partners LLP charge-out rates for this assignment effective from 1<sup>st</sup> May 2013 is detailed below.

	Per Hour £
<b>Partner</b>	433
<b>Senior Manager</b>	314
<b>Manager</b>	260
<b>Other Senior Professionals</b>	
Supervisor	238
Senior Administrator	222
Administrator	167
Junior Administrator	140
<b>Support Staff</b>	
Experienced Cashier	238
Cashier	167
Support	105

Please note that this firm records its time in minimum units of 5 minutes.