

The Insolvency Act 1986

Administrator's progress report

Name of Company Cardenrich Limited	Company number 04110471
In the Chancery Division, Bristol District Registry	Court case number 0194 of 2012

We
S Wilson
Zolfo Cooper
The Zenith Building
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35 Newhall Street
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administrators of the above company attach a progress report for the period

From

12 December 2013

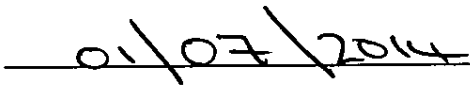
To

11 June 2014

Signed


Joint Administrator

Dated


01/07/2014**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

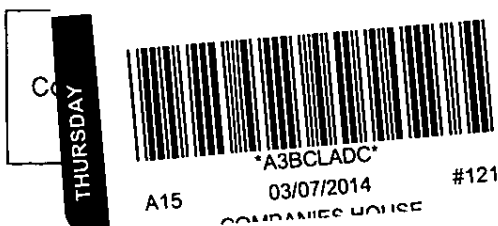
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When you have completed and signed this form, please send it to the Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff



Administrators' Progress Report for the period 12 December 2013 to 11 June 2014

Cardenrich Limited
In Administration

27 June 2014

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1 Why this report has been prepared

- 1.1 As you will be aware Simon Wilson and Ryan Grant (the Administrators) were appointed on 16 February 2012.
- 1.2 In accordance with UK insolvency legislation, an administrator is required to provide a progress report covering the period of six months commencing on the date on which a company entered into administration and every subsequent period of six months. This progress report covers the period 12 December 2013 to 11 June 2014 (the Period).
- 1.3 The purpose of this report is to provide statutory and financial information about the Company and to provide an update on the progress of the Administration, including details of assets realised during the Period, details regarding the Administrators' fees and the expected outcome for each class of creditor.
- 1.4 As a reminder an administrator of a company must perform their functions with a view to achieving one of the following statutory objectives
- Objective 1 rescuing a company as a going concern,
 - Objective 2 achieving a better result for a company's creditors as a whole than would be likely if a company were wound up (without first being in administration), or
 - Objective 3 realising property in order to make a distribution to one or more secured or preferential creditors
- 1.5 In this case the Administrators are pursuing the third statutory objective. Further details on the actions taken to achieve that objective can be found in section 3 of this report.
- 1.6 Details of the Administrators' fees and costs incurred are detailed at Appendices C to F.
- 1.7 More information relating to the Administration process, Administrators' fees and creditors' rights can be found on Zolfo Cooper's creditor portal (<http://www.zcinfoportal.com>) Log-in details to access this information can be found within the covering letter you have received
- 1.8 If you require a hard copy of this report or have any queries in relation to the contents of this report or the Administration generally, please contact Sophie Loughnane on 0161 838 4578, creditorreports@zolfocooper.eu or write to Zolfo Cooper's office at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.

2 Summary of information for creditors

Estimated dividend for creditors

Description	Estimated debt £	Likely level of return £
Secured creditor	29.5 million	Not yet known
Unsecured creditors	719,942	Nil

Notes:

The estimated debt has been based upon claims received to date.

The return to the secured creditor, Nationwide Building Society (Nationwide), will be dependent on the realisations achieved from the sale of the property at Brunel House, 2 Fitzalan Road, Cardiff, CF24 0EB (the Property). The Property has not yet been marketed for sale and is undergoing a refurbishment programme, and therefore an estimate of the likely sale proceeds cannot be provided at present. Further details on the progress of the works are provided in section 3.

The Administrators can, however, advise that it is not anticipated that the secured creditor will be paid in full and therefore there will be no funds available for unsecured creditors.

For further information please refer to section 4 of this report.

3 Progress of the Administration

- 3.1 This report should be read in conjunction with the Administrators' previous Progress Reports, the most recent being dated 31 December 2013 (the **Previous Report**)
- 3.2 Attached at Appendix B is the Administrators' Receipts and Payments Account for the Period, together with a Cumulative Account for the period since appointment.
- 3.3 As a reminder, Phillip Bell and Edward Starling of Wedlake Bell (the **LPA Receivers**) remain in office and continue to manage the Property, collect rental income and distribute directly to Nationwide. The LPA Receivers are also responsible for all property related costs
- 3.4 The Administrators' have remained in office to ensure VAT can be reclaimed on all costs associated with the Property, thereby improving the return to Nationwide, and to ensure all statutory matters are complied with. Legal fees in the sum of £2,701 have been incurred but not yet paid. As all rental income is paid directly to Nationwide the Administration account does not hold any funds to discharge this cost. A request has been made to Nationwide to provide funds.
- 3.5 The LPA Receivers' strategy is to hold the Property whilst a refurbishment program is completed. The Previous Report advised that works to extend and remodel the reception area plus works to improve the external of the building were due to commence in early 2014
- 3.6 The Administrators are advised that there have been a number of delays in finalising the contract and obtaining approval of the proposed costs from Nationwide. The works have therefore not yet started. The selected contractor has advised that the quote provided will remain valid until 11 July 2014. It is therefore anticipated that Nationwide will confirm whether the costs are acceptable prior to this date.
- 3.7 The works are still expected to take approximately nine months to complete. Following completion of these works, the LPA Receivers' strategy is to review the leases and improve tenant covenant strength in order to maximise the sale of the Property before re-marketing it for sale

4 Estimated outcome for creditors

Secured creditor - Nationwide Building Society

- 4 1 The Company granted a fixed and floating charge to Nationwide on 25 September 2007. At the date of appointment Nationwide was owed approximately £29.5 million (excluding interest and charges) under its security. Nationwide will suffer a shortfall on its lending.

Preferential creditors

- 4 2 The Company did not have any employees therefore there are no preferential creditors.

Unsecured Creditors' Fund

- 4 3 Where there is a floating charge created on or after 15 September 2003, the Administrators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (Unsecured Creditors' Fund), commonly known as the 'prescribed part'.
- 4.4 As the Company granted a floating charge to Nationwide after 15 September 2003, the Administrators are required to create an Unsecured Creditors' Fund; however, the Company has no floating charge assets to enable the creation of such a fund.

5 What happens next


Creditors' rights

- 5 1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors) may request in writing that the Administrators provide further information about their fees or expenses which have been itemised in this progress report.
- 5 2 Any secured creditor, or an unsecured creditor (with the agreement of at least 10% of the value of unsecured creditors) may, within eight weeks of receipt of this report, make an application to court on the grounds that the basis fixed for the Administrators' fees are inappropriate, or that the fees charged or the expenses incurred by the Administrators during the period of this report are excessive.

Next report

- 5 3 The 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. For details of the exit route please see Appendix G.

For and on behalf of
Cardenrich Limited



Simon Wilson
Administrator

Encs

Statutory information

Appendix A

Company information

Company name	Cardenrich Limited
Registered number	04110471
Registered office	c/o Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Former registered office	c/o Wedlake Bell, 52 Bedford Street, London, WC1R 4LR
Court details	High Court of Justice, Chancery Division, Bristol District Registry
Court reference	194 of 2012

Appointor's information

Name	Address	Position
Nationwide Building Society	Nationwide House, Pipers Way, Swindon, SN38 1NW	Qualifying floating chargeholder

Administrators' information

Name	Address	IP number	Name of authorising body
Simon Wilson	c/o Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	008963	Insolvency Practitioners Association
Ryan Grant	c/o Zolfo Cooper, 35 Newhall Street, Birmingham, B3 3PU	009637	Insolvency Practitioners Association

In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Administrators are to be exercised by any or all of the Administrators. All references to the Administrators should be read as the Administrators.

Extension of Administration

The Administration was extended for a period of six months to 15 August 2013 with the consent of the secured creditor. The Administration has been further extended to 15 August 2015 with the consent of the court. A further extension may be required if the Property is not sold by this date. This will be assessed in Spring 2015.

**Receipts and Payments Account for the period
12 December 2013 to 11 June 2014 and a
Cumulative Account for the period since
appointment**

Appendix B

	Period £	Cumulative £
Fixed charge assets		
Receipts		
Bank interest	-	2
Contribution to costs	-	15,000
	-	15,002
Payments		
Bank charges	-	2
Administrators' fees	-	15,000
	-	(15,002)
Balance	-	-
Represented by:		
Interest bearing account		-
		-

Time Analysis for the period 12 December 2013 to 11 June 2014 and details of time spent

Appendix C

On 17 April 2012 the secured creditor approved that the basis of the Administrators' fees be fixed by reference to the time properly spent by the Administrators and their staff on matters arising in the Administration

Total time costs for the Period are £3,187 This represents 16 hours at an average rate of £206 per hour. Detailed below is a Time Analysis for the Period which provides details of the costs incurred by activity and by staff grade.

	Employee grade (hours)				£		
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
Administration and planning							
Strategy and control	0.3	0.6		0.1	1.0	338.50	339
Statutory duties			0.4	0.7	1.1	186.50	170
Case administration		0.2	0.2		0.4	118.00	295
Accounting and treasury		0.8	1.0	3.4	5.2	907.50	175
Realisation of assets - fixed charge							
Asset realisation strategy				0.6	0.6	90.00	150
Sale of assets			0.2		0.2	50.00	250
Recovery of assets				0.8	0.8	120.00	150
Realisation of assets - floating charge							
Recovery of assets		0.1		0.1	0.2	49.00	245
Creditors							
Reporting to creditors	0.5	0.5	3.0	1.8	5.8	1,302.00	224
Secured creditors				0.2	0.2	25.00	125
Totals	0.8	2.2	4.8	7.7	15.5	3,186.50	206

Principal areas of activity during the Period are discussed in further detail below.

Administration and planning - monitoring the case strategy, complying with statutory duties and performing general administrative work. Case related treasury and support time is also recorded here.

Realisation of assets - fixed charge - liaising with the LPA Receivers in respect of property matters

Realisation of assets - floating charge - historic rates recovery action

Creditors - preparing statutory reports and reporting to the secured creditor

A Cumulative Time Analysis for the period since the Administrators' appointment is attached at Appendix D.

Cumulative Time Analysis for the period since appointment

Appendix D

	Employee grade (hours)				£		
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
Administration and planning							
Planning	10	0.3	0.8	0.2	2.3	746.50	325
Strategy and control	4.5	3.9	4.3	0.6	13.3	4,155.00	312
Statutory duties	0.5	1.2	3.8	3.3	8.8	1,894.50	215
Case administration	0.3	0.8	9.0	5.6	15.7	3,124.00	199
Accounting and treasury	0.1	2.9	6.3	10.8	20.1	3,498.00	174
Internal documentation	0.1		1.1	2.2	3.4	541.00	159
Investigations							
Director conduct reports	0.3	0.2	1.2	0.7	2.4	553.00	230
Internal documentation				0.4	0.4	46.00	115
Realisation of assets - fixed charge							
Asset realisation strategy		0.5	0.1	0.6	1.2	273.00	228
Asset identification and valuation			0.3	1.2	1.5	218.00	145
Sale of assets			1.4	0.1	1.5	337.50	225
Recovery of assets			0.5	0.8	1.3	235.00	181
Dealing with third party assets			0.2	0.2	0.4	69.00	173
Asset accounting and administration			0.1	0.8	0.9	121.00	134
Realisation of assets - floating charge							
Asset realisation strategy		0.5			0.5	157.50	315
Sale of assets			0.2		0.2	46.00	230
Recovery of assets		0.1		0.1	0.2	49.00	245
Creditors							
Creditor claims				0.2	0.2	23.00	115
Reporting to creditors	1.3	7.5	30.6	3.3	42.7	10,404.50	244
Secured creditors	0.5			0.2	0.7	247.50	354
Unsecured creditors		0.2	0.6	1.4	2.2	370.50	168
Totals	8.6	18.1	60.5	32.7	119.9	27,109.50	226

Administrators' fees

Appendix E

Administrators' fees

Approval of the Administrators' fees has been sought from the secured creditor in accordance with rule 2 106 of the Insolvency Rules 1986

Nationwide has contributed £15,000 towards costs which had been used to discharge fees of the same amount

The following category 2 disbursements have been incurred but not yet drawn.

- Photocopying - charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying
- Printing - charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour.

Information in relation to the Administrators' policy on staffing, the use of sub-contractors, payment of disbursements and details of current charge-out rates by staff grade is provided at Appendix F.

Additional information in relation to the Administrators' fees pursuant to Statement of Insolvency Practice 9

Appendix F

1 Policy

Detailed below is Zolfo Cooper'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 Administrators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The case team will usually consist of a partner, a senior associate, an associate and an analyst. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Administrators' charge-out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, time spent by cashiers in relation to tasks such as recording transactions and dealing with bank accounts is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

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

1.2 Professional advisors

On this assignment the Administrators have used the professional advisor listed below. The Joint Liquidators have also indicated alongside the basis of their fee arrangement with them which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
Dickinson Dees LLP (legal advice)	Hourly rate and disbursements

The Joint Liquidators' choice was based on their perception of the professional advisor's experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them.

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Any properly reimbursed expenses incurred by the Administrators and their staff will also be chargeable.

Additional information in relation to the Administrators' fees pursuant to Statement of Insolvency Practice 9 (continued)

Appendix F

Category 2 disbursements do require prior approval by creditors before they are paid. If they are incurred, they will be drawn in accordance with the resolution approved by creditors. Category 2 disbursements that may be incurred are as follows

- Photocopying - charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying
- Printing - charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour
- Business mileage for staff travel - charged at the rate of 45 pence per mile.

2 Charge-out rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 April 2014 is detailed below, together with those applicable prior to that date. Time is charged by partners and case staff in units of six minutes.

Rates from 1 April 2014		Rates pre 1 April 2014	
Description	£	Description	£
Partner 1*	445	Partner 1*	445
Partner 2*	415	Partner 2*	415
Director	390	Director	360
Associate director*	340	Associate director	320
Senior associate	280	Senior associate	280
Associate	250	Associate	240
Analyst	220	Analyst	220
Junior analyst	150	Junior analyst	125
Senior treasury associate	170	Senior treasury associate	170
Treasury associate	110	Treasury associate	110
Treasury analyst	85	Treasury analyst	85
Support	79	Support	79

***Key**

Partner 1 - partners with three or more years' experience at partner level

Partner 2 - partners with fewer than three years' experience at partner level

Exit route and discharge from liability

Appendix G

Dissolution of the Company

The Company has no property to permit a distribution to its unsecured creditors. The Administrators will therefore file a notice, together with their final progress report, at court and with the Registrar of Companies for dissolution of the Company. The Administrators will send copies of these documents to the Company and its creditors. The appointment will end following the registration of the notice by the Registrar of Companies.

Discharge from liability

The secured creditor approved that the Administrators will be discharged from liability under paragraph 98 of schedule B1 of the Insolvency Act 1986 directly after their appointment as Administrators ceases to have effect.