

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

194 of 2012

We

Simon Wilson  
Zolfo Cooper  
The Zenith Building  
26 Spring Gardens  
Manchester  
M2 1AB

Ryan Grant  
Zolfo Cooper  
35 Newhall Street  
Birmingham  
B3 3PU

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

From

12 June 2014

To

11 December 2014

Signed

Joint Administrator

Dated

17/12/14.

**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

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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**

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COMPANIES HOUSE

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

Cardenrich Limited - in Administration

17 December 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 June 2014 to 11 December 2014 (the Period) and should be read in conjunction with all previous reports.
- 1.3 This report has been prepared in accordance with rule 2.47 of the Insolvency Rules 1986.
- 1.4 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 regarding the Administrators' fees and the expected outcome for each class of creditor
- 1.5 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
- 1.6 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.
- 1.7 Details of the Administrators' fees and costs incurred are detailed at Appendices C to F.
- 1.8 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
- 1.9 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 Jenna Carr on 0161 838 4553, [creditorreports@zolfocooper.eu](mailto: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 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 therefore an estimate of the likely sale proceeds and return to Nationwide cannot be provided at present.

Based on current information, the Administrators do not anticipate that Nationwide will be paid in full and therefore there will be no funds available for unsecured creditors.

The estimated debt of the unsecured creditors is based upon claims received to date.

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

### 3 Progress of the Administration

- 3.1 Attached at Appendix B is the Administrators' Receipts and Payments Account for the Period, together with a Cumulative Account for the period since appointment. Please note that as the Company had no directors at the date of appointment a Statement of Affairs has not been completed for comparative purposes.
- 3.2 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
- 3.3 Legal fees in the sum of £5,329 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 discharge this cost. There are no other costs incurred which have not been paid in the Period.
- 3.4 Nationwide has made a contribution of £14,431 during the Period towards the Administrators' fees.
- 3.5 The LPA Receivers' strategy has been to hold the Property whilst a refurbishment programme is completed. As a reminder the refurbishment of the common parts on floors 1, 3 and 13 completed in 2013 and Nationwide approved further significant capital expenditure to complete works to extend and remodel the reception area, in addition to the completion of external improvements of the building.
- 3.6 As previously reported, a quote to complete the works was provided from the selected contractor to Nationwide for approval; however, during the Period negotiations with a current tenant to secure a new lease were unsuccessful and this has led to a review of the current strategy. The proposed refurbishment has been put on hold until Nationwide's review is complete.
- 3.7 An update from the LPA Receivers and Nationwide is expected before the end of December 2014. If the refurbishment is to proceed as previously planned it is expected to take approximately nine months to complete, therefore marketing of the Property may remain on hold for the majority of 2015. A further update will be provided in the next report.
- 3.8 The Administrators remain 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.
- 3.9 During the Period, the Administrators instructed Exacta Plc (Exacta) to review business rates paid by the Company prior to the appointment and assess whether a refund was due. Exacta's review concluded that no refund is available and no recovery will be made from this source.

## **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 proposed exit route please see Appendix G

For and on behalf of  
Cardennich Limited



Anne O'Keefe  
For Simon Wilson  
Administrator  
Encs



## Appendix A. Statutory information

### 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 Joint 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.

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

	Period £	Cumulative £
<b>Fixed charge assets</b>		
<b>Receipts</b>		
Contribution to costs	14,431	29,431
Bank interest	-	2
	<u>14,431</u>	<u>29,433</u>
<b>Payments</b>		
Administrators' fees	14,431	29,431
Bank charges	-	2
	<u>(14,431)</u>	<u>(29,433)</u>
<b>Balance of fixed charge assets</b>	<u>-</u>	<u>-</u>
<b>Represented by</b>		
Interest bearing account		-
		<u>-</u>

Please note that as the Company had no directors at the date of appointment a Statement of Affairs has not been completed for comparative purposes

## Appendix C. Time Analysis and details of time spent

The Administrators' time costs for the Period are £5,213. This represents 21 hours at an average rate of 247 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		0.2			0.2	68.00	340
Statutory duties	0.3	0.5		0.2	1.0	309.00	309
Case administration		0.3	0.6	1.1	2.0	417.00	209
Accounting and treasury	0.2	0.6	0.8	1.7	3.3	685.00	208
Internal documentation	0.1		0.8		0.9	239.00	266
Realisation of assets - fixed charge							
Asset realisation strategy			0.4		0.4	100.00	250
Asset identification and valuation			0.2	0.8	1.0	170.00	170
Asset accounting and administration			0.3	0.6	0.9	157.00	174
Realisation of assets - floating charge							
Recovery of assets			0.2	1.4	1.6	260.00	163
Creditors							
Creditor litigation	1.6				1.6	712.00	445
Reporting to creditors	1.1		3.9	1.3	6.3	1,599.00	254
Secured creditors	-	0.2	1.5		1.7	443.00	261
Unsecured creditors	0.1			0.1	0.2	54.00	270
<b>Totals</b>	<b>3.4</b>	<b>1.8</b>	<b>8.7</b>	<b>7.2</b>	<b>21.1</b>	<b>5,213.00</b>	<b>247</b>

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 the Property.
- Realisation of assets - floating charge - historic rates recovery actions.
- Creditors - preparing statutory reports and reporting to the secured creditor. Dealing with creditor correspondence is also recorded here.

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

## Appendix D. Cumulative Time Analysis for the period since appointment

	Employee grade (hours)					£	
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
<b>Administration and planning</b>							
Planning		0.3	0.8	0.2	1.3	301.50	232
Strategy and control	4.5	4.1	4.3	0.6	13.5	4,223.00	313
Statutory duties	0.8	1.7	3.8	3.5	9.8	2,203.50	225
Case administration	0.3	1.1	9.6	6.4	17.4	3,506.50	202
Accounting and treasury	0.3	3.5	7.1	12.2	23.1	4,148.50	180
Internal documentation	0.2		1.9	2.2	4.3	780.00	181
<b>Investigations</b>							
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
<b>Realisation of assets: fixed charge</b>							
Asset realisation strategy		0.5	0.5	0.6	1.6	373.00	233
Asset identification and valuation			0.5	2.9	3.4	497.50	146
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			0.4	0.8	1.2	203.00	169
<b>Realisation of assets: floating charge</b>							
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	0.2	1.5	1.8	309.00	172
<b>Creditors</b>							
Creditor claims				0.2	0.2	23.00	115
Creditor litigation	1.6		-		1.6	712.00	445
Reporting to creditors	2.4	7.5	34.5	4.6	49.0	12,003.50	245
Secured creditors	0.5	0.2	1.5	0.2	2.4	690.50	288
Unsecured creditors	0.1	0.2	0.6	1.5	2.4	424.50	177
<b>Totals</b>	<b>11.0</b>	<b>19.9</b>	<b>69.2</b>	<b>39.9</b>	<b>140.0</b>	<b>31,877.50</b>	<b>228</b>

## **Appendix E. Administrators' fees and disbursements**

### **Fees**

A copy of 'A Creditors' Guide to Administrations' can be downloaded from Zolfo Cooper's creditor portal (<http://www.zcinfoportal.com>). If you would prefer this to be sent to you in hard copy please contact the Administrators and they will forward a copy to you.

Approval of the Administrators' fees has been sought in accordance with rule 2.106 of the Insolvency Rules 1986.

Nationwide has contributed a total of £29,431 towards costs which has been used to discharge fees of the same amount.

### **Disbursements**

No category 1 or category 2 disbursements have been drawn on account.

## Appendix F. Additional information in relation to the Administrators' fees pursuant to Statement of Insolvency Practice 9

### Policy

Detailed below is Zolfo Cooper's policy in relation to.

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

### 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, an associate director or 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 overleaf provides details of all grades of staff

With regard to support staff, time spent by treasury staff 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.

### Professional advisors

On this assignment the Administrators have used the professional advisor listed below. The Administrators have also indicated 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
Burges Salmon LLP (legal advice)	Hourly rate and disbursements
Exacta Plc (rates recovery advisor)	Percentage of realisations

The Administrators' 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.

### 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.

Category 2 disbursements do require approval prior to being paid and will be drawn in accordance with the approval given, they may include:

- 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; and
- business mileage for staff travel - charged at the rate of 45 pence per mile.

### Charge-out rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 April 2014 is detailed below. Time is charged by partners and case staff in units of six minutes.

Description	£
Partner 1	445
Partner 2	415
Director	390
Associate director	340
Senior associate	280
Associate	250
Analyst	220
Junior analyst	150
Senior treasury associate	170
Treasury associate	110
Treasury analyst	85
Support	79

## **Appendix G. Exit route and discharge from liability**

### **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**

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