

The Insolvency Act 1986

**Administrator's progress report**

Name of Company Cardenrich Limited	Company number 04110471
In the High Court of Justice Chancery Division Bristol District Registry	Court case number 194 of 2012

We

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Ryan Grant  
AlixPartners  
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Administrators of the above company attach a progress report for the period

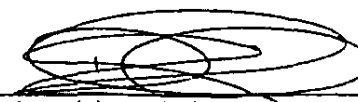
From

12 December 2014

To

11 June 2015

Signed

  
Joint Administrator

Dated

3 July 2015

**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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COMPANIES HOUSE

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Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

MONDAY

# Administrators' Progress Report for the period 12 December 2014 to 11 June 2015

Cardenrich Limited  
In Administration

2 July 2015

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## 1 Why this report has been prepared

- 1 1 As you will be aware, Ryan Grant and Simon Wilson (the **Administrators**) were appointed on 16 February 2012
- 1 2 Please note that following the recent completion of a sale of the Zolfo Cooper Europe business to AlixPartners, Zolfo Cooper's European Insolvency practice will be operating under the AlixPartners brand name going forward
- 1 3 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 2014 to 11 June 2015 (the **Period**)
- 1 4 Please note that this report was prepared in accordance with rules 2.47 and 2.112 of the Insolvency Rules 1986 in support of an extension to the Administration period
- 1 5 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 the Administrators' fees and the expected outcome for each class of creditor
- 1 6 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 7 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 8 Details of the Administrators' fees and costs incurred are detailed at Appendices C to G
- 1 9 More information relating to the Administration process, Administrators' fees and creditors' rights can be found on AlixPartners' creditor portal (<http://www.alixpartners.com/portal>). Log-in details to access this information can be found within the covering letter you have received
- 1 10 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 Katherine Ward on 0161 838 4554, by email at [katherine.ward@alixpartners.com](mailto:katherine.ward@alixpartners.com) or write to AlixPartners' 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 – Nationwide/Cerberus	29.5 million	Uncertain
Unsecured creditors	719,942	Nil

### Notes

The Company's sole asset is a property known as Brunel House located at 2 Fitzalan Road, Cardiff, CF24 0EB (**Brunel House**)

Brunel House was subject to fixed and floating charges granted in favour of Nationwide Building Society Plc (**Nationwide**) in respect of its cross guarantee of a debt owed by the Company's parent, Numberflat Limited (**Numberflat**). An agreement in principle was reached on 31 January 2015 between Nationwide and Cerberus Global Investors (**Cerberus**) for a sale of the debt owed by Numberflat. This sale remains under negotiation.

The level of return in respect of the secured debt is wholly dependent upon the realisation achieved for the sale of Brunel House. Based on the current information, the debt will not be repaid in full.

The estimated level of the Company's unsecured debt has been taken from the claims received to date. As there are no floating charge assets, there will be no funds available to pay a dividend to unsecured creditors.

Further information is contained in 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.

3 2 The Receipts and Payments Account is prepared on a cash basis and therefore costs incurred but not yet discharged during the Period are not shown. Further details of these costs are contained at Appendix C.

#### **Brunel House**

3 3 Brunel House is a 15 storey office building located in the central business district of Cardiff.

3 4 Phillip Bell and Edward Starling of Wedlake Bell (the LPA Receivers) remain appointed and continue to manage Brunel House.

3 5 The LPA Receivers and Nationwide were initially pursuing a strategy of refurbishing Brunel House to improve its market value. However, following completion of the first stage of the refurbishment, a tenant vacated which led to Nationwide undertaking a review of the strategy during December 2014.

3 6 As detailed in section 2 of this report, negotiations between Nationwide and Cerberus regarding a sale of the secured debt are ongoing. As a result, the strategy remains on hold until the debt sale has completed.

3 7 The Administrators remain in office to complete all statutory matters and account for VAT in relation to the costs associated with managing Brunel House. The recovery of VAT on all costs will improve the return to Cerberus and therefore achieve the objective of the Administration.

#### **Extension of the Administration**

3 8 The Administration will end automatically on 15 August 2015. To allow sufficient time for a sale of Brunel House to be completed and the Administrators to discharge their statutory duties, the Administrators are seeking the approval of the court for a further 12 month extension.

3 9 Due to ongoing negotiations in respect of a proposed sale of the secured debt, a request for consent to the proposed extension has been sent to both Nationwide and Cerberus and any responses received will be forwarded to the court in due course.

#### **4 Estimated outcome for creditors**

##### **Secured creditor – Cerberus Global Investors**

- 4 1 The Company granted a fixed and floating charge to Nationwide on 25 September 2007
- 4 2 On appointment, Nationwide was owed approximately £29.5 million (excluding interest and charges) under its securities
- 4 3 The level of return in respect of the secured debt is wholly dependent upon the realisation achieved for Brunel House. Based on the current valuation of Brunel House, the debt will not be repaid in full.

##### **Preferential creditors**

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

##### **Unsecured Creditors' Fund**

- 4 5 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 6 As the Company has no floating charge assets, there are no funds available for the creation of such a fund, therefore no dividend will be paid to unsecured creditors

## 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 is inappropriate, or that the fees charged or the expenses incurred by the Administrators during the Period are excessive

### Extension and next report

- 5 3 This report has been prepared for court in support of the application to extend the Administration by 12 months. In the event that the request to extend the Administration is approved, a further report will be circulated to all creditors within one month of the next six month period ended 11 December 2015 or sooner if the Administration has been finalised. For details of the proposed exit route, please see Appendix H

For and on behalf of  
Cardenrich Limited



Anne O'Keefe  
For Simon Wilson  
Administrator  
Encs



## Appendix A. Statutory information

### Company information

Company name	Cardenrich Limited
Registered number	04110471
Registered office	5 <sup>th</sup> Floor, 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 Plc	Nationwide House, Pipers Way, Swindon, SN38 1NW	Qualifying floating chargeholder

### Administrators' information

Name	Address	IP number	Name of authorising body
Simon Wilson	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	008963	Insolvency Practitioners Association
Ryan Grant	c/o AlixPartners, 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 has previously been extended for a period of six months with the consent of Nationwide. In addition, the Administration was extended for two consecutive 12 month periods, with the approval of Nationwide, as granted by the court. The Administration will now end automatically on 15 August 2015.

To allow sufficient time for a sale of Brunel House to be completed and to discharge their statutory duties, the Administrators are seeking the approval of the court for a further 12 month extension in accordance with paragraph 76 of schedule B1 of the Insolvency Act 1986.

**Appendix B. Receipts and Payments Account for the period  
12 December 2014 to 11 June 2015 and a Cumulative Account  
for the period since appointment**

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

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

## Appendix C. Costs incurred and not yet paid

The analysis of the receipts and payments for the Period excludes the following costs which have been incurred but not yet paid. The costs will be paid within the period agreed with the supplier.

Cost category	Supplier	Amount not yet paid £
Legal fees	Burgess Salmon LLP	5,294

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

The Administrators' time costs for the Period are £5,712 This represents 21 hours at an average rate of £272 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)				Total hours	Total cost	Average rate per hour
	Managing director /director	Associate director /senior associate	Associate/ analyst	Junior analyst/ support			
Administration and planning							
Strategy and control	0.2	2.7			2.9	1,035.50	357
Statutory duties	0.2			0.1	0.3	89.00	297
Case administration	0.3	0.5	1.3		2.1	631.50	301
Accounting and treasury	0.2	0.3	3.2	2.0	5.7	1,251.50	220
Internal documentation	0.1	0.1			0.2	73.00	365
Realisation of assets fixed charge							
Asset identification and valuation			1.0		1.0	260.00	260
Asset accounting and administration			0.2	0.4	0.6	110.00	183
Realisation of assets floating charge							
Recovery of assets	0.2	0.1			0.3	117.00	390
Creditors							
Reporting to creditors	0.7	0.3	5.9	0.3	7.2	1,910.00	265
Secured creditors	0.1	0.5			0.6	219.00	365
Unsecured creditors				0.1	0.1	15.00	160
Totals	2.0	4.5	11.8	2.8	21.0	5,711.50	272

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 – communicating with the LPA Receivers in respect of Brunel House
- Creditors - preparing statutory reports, reporting to the secured creditor and communicating with unsecured creditors

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

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

	Employee grade (hours)				£		Average rate per hour
	Managing director /director	Associate director /senior associate	Associate/analyst	Junior analyst/ support	Total hours	Total cost	
<b>Administration and planning</b>							
Planning		0.3	0.8	0.2	1.3	301.50	232
Strategy and control	4.7	6.8	4.3	0.6	16.4	5,258.50	321
Statutory duties	1.0	1.7	3.8	3.6	10.1	2,292.50	227
Case administration	0.6	1.6	10.9	6.4	19.5	4,138.00	212
Accounting and treasury	0.5	3.8	10.3	14.2	28.8	5,400.00	188
Internal documentation	0.3	0.1	1.9	2.2	4.5	853.00	190
<b>Investigations</b>							
Director conduct reports	0.3	0.2	1.2	0.7	2.4	653.00	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			0.7	0.9	1.6	205.50	191
Sale of assets			2.2	0.1	2.3	546.50	237
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			0.6	1.2	1.8	313.00	174
<b>Realisation of assets – floating charge</b>							
Asset realisation strategy		0.5			0.5	157.50	316
Sale of assets			0.2		0.2	46.00	230
Recovery of assets	0.2	0.1	0.2	3.8	4.3	670.50	156
Asset accounting and administration		0.1			0.1	34.00	340
<b>Creditors</b>							
Creditor claims				0.2	0.2	23.00	116
Creditor litigation	1.6				1.6	712.00	446
Reporting to creditors	3.1	7.8	40.4	4.9	56.2	13,313.50	248
Secured creditors	0.6	0.7	1.5	0.2	3.0	909.50	303
Unsecured creditors	0.1	0.2	0.6	1.6	2.5	439.50	176
<b>Totals</b>	<b>13.0</b>	<b>24.4</b>	<b>60.8</b>	<b>42.8</b>	<b>161.0</b>	<b>37,589.00</b>	<b>233</b>

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

### **Fees**

A copy of 'A Creditors' Guide to Administrations' can be downloaded from AlixPartners' creditor portal (<https://www.alixpartners.com/creditor-portal>) 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

Due to there being no asset realisations in the Administration, Nationwide has paid the Administrators costs to remain in office and to date, fees totalling £29,431 have been drawn

### **Disbursements**

No disbursements have been paid to date

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

### **Policy**

Detailed below is AlixPartners' 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 managing director, 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.

<b>Name of professional advisor</b>	<b>Basis of fee arrangement</b>
Burgess Salmon LLP (legal advice)	Hourly rate and disbursements

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 AlixPartners' charge-out rates for this assignment effective from 1 April 2015 is detailed below, together with those applicable prior to that date. Time is charged by managing directors and case staff in units of six minutes.

Description £	Rates from 1 April 2015	Description £	Rates pre 1 April 2015
Managing director 1	490	Managing director 1	445
Managing director 2	450	Managing director 2	415
Director	430	Director	390
Associate director	360	Associate director	340
Senior associate	295	Senior associate	280
Associate	260	Associate	250
Analyst	230	Analyst	220
Junior analyst	150	Junior analyst	150
Senior treasury associate	170	Senior treasury associate	170
Treasury associate	110	Treasury associate	110
Treasury analyst	85	Treasury analyst	85
Support	85	Support	79



## **Appendix H. Extension, exit route and discharge from liability**

### **Extension**

The Administration is due to end automatically on 15 August 2015, however it will not be possible to conclude all outstanding matters in the Administration prior to this date. As the Administration has already been extended by consent of creditors, the Administrators are seeking the approval of the court for a further extension to the Administration period of 12 months, in accordance with paragraph 76 of schedule B1 of the Insolvency Act 1986.

### **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.