

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

Simon Wilson  
The Zenith Building  
26 Spring Gardens  
Manchester  
M2 1ABRyan Grant  
AlixPartners  
35 Newhall Street  
Birmingham  
B3 3PU

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

From

12 June 2015

To

11 December 2015

Signed

Joint Administrator

By Power of Attorney

Dated

22/12/15

**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

Paul Butterfield  
AlixPartners  
The Zenith Building  
26 Spring Gardens  
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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

THURSDAY

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

Cardenrich Limited  
In Administration

22 December 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** 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 2015 to 11 December 2015 (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 of assets realised during the Period, 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 disbursements 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 AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.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 Conor Kelly on 0161 838 4518, by email at [creditorreports@alixpartners.com](mailto:creditorreports@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	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**). On the date of appointment, Nationwide was owed £29.5 million (before interest and charges).

On 9 December 2014, Cerberus Global Investors (**Cerberus**) purchased the debt owed to Nationwide and the security is now held by Cerberus.

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 Cerberus will not be repaid in full and 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. With the exception of legal fees and disbursements totalling £3,950 due to Addleshaw Goddard LLP, all costs incurred in the Period have been discharged. The legal fees will be paid within the period agreed with the respective supplier.

#### **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) continue to manage Brunel House and are taking steps to improve occupation levels in order to achieve the maximum realisable value for the property.
- 3.5 There are a number of new leases that are under discussion at present and it is expected that these will complete in early 2016. Once the leases have completed, marketing of Brunel House will commence
- 3.6 It is anticipated that all current negotiations will be finalised in early 2016. At this time, the LPA Receivers will reassess the disposal strategy with Cerberus and take steps to commence formal marketing, with a view to completing a sale before August 2016, this being the current expiry date of the Administration.
- 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.

#### **Contribution to costs**

- 3.8 As there are no asset realisations in the Administration, Nationwide and subsequently Cerberus have contributed a total of £42,862 to enable the costs of the Administration to be discharged. This includes the Administrators' fee and disbursements as detailed at Appendix E

## **4 Estimated outcome for creditors**

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

- 4.1 The Company granted fixed and floating charges to Nationwide on 25 September 2007.
- 4.2 On appointment, Nationwide was owed approximately £29.5 million (excluding interest and charges) under its securities. As detailed in section 2, Nationwide sold its debt to Cerberus on 9 December 2014.
- 4.3 The level of return to Cerberus is wholly dependent upon the realisation achieved for Brunel House. Based on the current information, 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**

- 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, 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 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  
Cardenrich Limited



Catherine Williamson  
For Simon Wilson  
Administrator

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## Appendix A. Statutory information

### Company information

Company name	Cardenrich Limited
Registered number	04110471
Registered office	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 was extended for a period of six months with the consent of Nationwide to 15 August 2013. In addition, the Administration has been extended for three consecutive 12 month periods (i.e. to 15 August 2014, 15 August 2015 and 15 August 2016) with the approval of the court. The Administration will now end automatically on 15 August 2016.

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

	Period £	Cumulative £
<b>Fixed charge assets</b>		
<b>Receipts</b>		
Contribution to costs	13,431	42,862
Bank interest	3	5
	<b>13,434</b>	<b>42,867</b>
<b>Payments</b>		
Administrators' fees	6,666	36,097
<b>Category 1 disbursements</b>		
Company search	1	1
Telephone	8	8
Statutory advertising	76	76
Postage	37	37
Specific penalty bond	10	10
<b>Category 2 disbursements</b>		
Photocopying and printing	145	145
Legal fees	5,329	5,329
Corporation tax	100	100
Bank charges	2	4
	<b>(12,374)</b>	<b>(41,807)</b>
<b>Balance of fixed charge assets</b>	<b>1,060</b>	<b>1,060</b>
<b>Represented by</b>		
VAT repayable to the LPA Receivers		(5,688)
Interest bearing account		6,748
		<b>1,060</b>

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

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

The Administrators' time costs for the Period are £14,813. This represents 56 hours at an average rate of £263 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			
<b>Administration and planning</b>							
Strategy and control	0.2	7.9	1.2	-	9.3	2,211.00	247
Statutory duties	0.1	-	3.2	-	3.3	875.00	265
Case administration	0.1	1.1	4.1	1.0	6.3	1,625.00	260
Accounting and treasury	0.5	2.5	4.3	10.0	17.4	3,416.00	196
Internal documentation	-	-	0.5	-	0.5	130.00	260
<b>Realisation of assets - fixed charge</b>							
Asset realisation strategy	-	1.0	-	-	1.0	260.00	260
Asset identification and valuation	-	-	0.3	-	0.3	78.00	260
Asset accounting and administration	-	-	0.1	1.4	1.5	225.00	150
<b>Creditors</b>							
Reporting to creditors	0.9	0.5	6.7	1.0	9.2	2,433.00	271
Secured creditors	-	4.5	2.5	-	7.1	2,295.00	323
Unsecured creditors	-	-	0.3	0.1	0.4	84.00	218
<b>Totals</b>	<b>1.8</b>	<b>17.7</b>	<b>23.3</b>	<b>13.5</b>	<b>56.3</b>	<b>14,813.00</b>	<b>263</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 - communicating with the LPA Receivers in respect of Brunel House.
- Creditors - preparing statutory reports and communication with Cerberus. Time has also been spent dealing with creditor correspondence

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)				Total hours	Total cost	Average rate per hour
	Managing director director	Associate director senior associate	Associate analyst	Junior analyst support			
<b>Administration and planning</b>							
Planning	-	0.3	0.8	0.2	1.3	301.80	232
Strategy and control	4.8	14.7	5.5	0.8	25.7	8,488.50	330
Statutory duties	1.1	1.7	7.0	3.8	13.4	3,147.80	236
Case administration	0.7	2.7	15.0	7.4	25.8	8,773.80	226
Accounting and treasury	0.7	8.4	14.5	22.3	45.9	8,438.80	182
Internal documentation	0.3	0.1	2.4	2.2	5.0	953.00	197
<b>Investigations</b>							
Director conduct reports	0.3	0.2	1.2	0.7	2.4	683.00	230
Internal documentation	-	-	-	0.4	0.4	48.00	115
<b>Realisation of assets - fixed charge</b>							
Asset realisation strategy	-	1.5	0.5	0.5	3.5	733.00	282
Asset identification and valuation	-	-	1.8	0.8	2.6	353.00	202
Sale of assets	-	-	2.2	0.1	2.3	545.00	237
Recovery of assets	-	-	9.5	9.6	19.1	238.00	181
Dealing with third party assets	-	-	0.2	0.2	0.4	53.00	173
Asset accounting and administration	0.3	-	0.8	4.5	5.6	820.80	164
<b>Realisation of assets - floating charge</b>							
Asset realisation strategy	-	0.5	-	-	0.5	157.80	315
Sale of assets	-	-	0.2	-	0.2	46.00	230
Recovery of assets	0.2	0.2	0.2	3.8	4.4	704.50	160
<b>Creditors</b>							
Creditor claims	-	-	-	0.2	0.2	23.00	115
Creditor litigation	1.6	-	-	-	1.6	712.00	445
Reporting to creditors	4.0	8.4	47.1	5.9	65.4	16,402.80	251
Secured creditors	0.6	5.2	4.1	0.2	10.1	3,305.80	317
Unsecured creditors	0.1	0.2	0.9	1.7	2.9	822.80	181
<b>Totals</b>	<b>14.3</b>	<b>42.1</b>	<b>104.1</b>	<b>56.3</b>	<b>217.3</b>	<b>52,402.00</b>	<b>241</b>

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

### **Fees**

A copy of 'A Creditors' Guide to Administrations' can be downloaded from AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.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.

As detailed in section 3.8, as there are no asset realisations in the Administration, Nationwide and subsequently Cerberus have provided funds to discharge the costs of the Administration. This includes the Administrators' fees totalling £36,097 and the disbursements detailed below

### **Disbursements**

Category 1 disbursements of £132 and category 2 disbursements totalling £145 in respect of the below have been drawn from funds contributed by Cerberus

- 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

## **Appendix F. 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 or a director, an associate director or 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 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 advisors 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
Burgess Salmon LLP (legal advice)	Hourly rate and disbursements
Addleshaw Goddard LLP (legal advice)	Hourly rate and disbursements

The Administrators' choice was based on their perception of the professional advisors' 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. Time is charged by managing directors and case staff in units of six minutes

Description	£
Managing director 1	490
Managing director 2	450
Director	430
Associate director	360
Senior associate	295
Associate	260
Analyst	230
Junior analyst	150
Senior treasury associate	170
Treasury associate	110
Treasury analyst	85
Support	85

## **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.



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**POWER OF ATTORNEY**

**by**

**SIMON WILSON**

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This power of attorney is made by **SIMON WILSON** of **Coachman's Cottage, Delph Lane, Warrington, Cheshire, WA2 0RE (Principal)**

## **1 APPOINTMENT AND POWERS**

The Principal appoints the persons whose names and addresses are set out in Schedule 1 to this power of attorney (**Attorneys** and each an **Attorney**) and in the Principal's name and in his/her professional capacity as an insolvency practitioner, including (but not limited to) any appointment as administrator, receiver, administrative receiver, liquidator, nominee or supervisor of a company voluntary arrangement or individual voluntary arrangement or trustee in bankruptcy or any analogous or associated appointment or procedure in whatever jurisdiction

- 1 1 to sign, execute, deliver and/or issue all agreements, documents, certificates and instruments (all whether as a deed or not) which any Attorney in his or her absolute discretion considers desirable in connection with the Principal's appointment as one of the joint [administrators][liquidators][trustees in bankruptcy] (the **Stated Purpose**)
- 1 2 to take any steps or do any thing which any Attorney in his or her absolute discretion considers desirable in connection with the Stated Purpose

## **2 POWER BY WAY OF SECURITY**

This power of attorney shall be irrevocable save with the consent of the Attorneys but shall expire on **31 DECEMBER 2015**

## **3 RATIFICATION**

The Principal undertakes to ratify and confirm whatever any Attorney does or purports to do in good faith in the exercise of any power conferred by this power of attorney

## **4 VALIDITY**

The Principal declares that a person who deals with any of the Attorneys in good faith may accept a written statement signed by the relevant Attorney to the effect that this power of attorney has not been revoked as conclusive evidence of that fact

## **5 INDEMNITY**

The Principal undertakes to indemnify each of the Attorneys fully against all claims, losses, costs, expenses, damages or liability which any of them sustains or incurs as a result of any action taken by any of them in good faith pursuant to this power of attorney (including any cost incurred in enforcing this indemnity)

## **6 GOVERNING LAW AND JURISDICTION**

This power of attorney (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this power of attorney, its subject matter or its formation, (including non-contractual disputes or claims)) shall be governed by and construed in accordance with the law of England and Wales. The Principal irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this power of attorney or its subject matter or formation (including non-contractual disputes or claims)

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

**SCHEDULE 1  
ATTORNEYS**

Name	Address
ANNE CLARE O'KEEFE	THE ZENITH BUILDING, 26 SPRING GARDENS, MANCHESTER, M2 1AB
PETER HOLDER	TORONTO SQUARE, TORONTO STREET, MANCHESTER, M2 1AB
ELIZABETH GALBRAITH MACKAY	CORNERSTONE, 107 WEST REGENT STREET, GLASGOW, G2 2BA

Signed as a deed by [PRINCIPAL]



Date

28/02/2015

in the presence of



Witness

Name HELEN RUANE

Address % ALXPARTNERS SERVICES UK LLP, THE ZENITH  
BUILDING, 26 SPRING GARDENS, MANCHESTER, M2 1AB

Occupation

COMPLIANCE MANAGER