

AM10

Notice of administrator's progress report



Companies House

FRIDAY



A12 *A86NU28B* 31/05/2019 #34
COMPANIES HOUSE

1 Company details

Company number 0 5 9 5 9 0 0 7

Company name in full Rachyal & Co Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Andrew

Surname Fender

3 Administrator's address

Building name/number Sanderling House

Street Springbrook Lane

Earlswood

Post town Solihull

County/Region

Postcode B 9 4 5 S G

Country

4 Administrator's name ①

Full forename(s)

Surname

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number

Street

Post town

County/Region

Postcode

Country

② Other administrator
Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

| | | | | | | | | |
|-----------|-----|-----|-----|-----|-----|-----|-----|-----|
| From date | d 0 | d 2 | m 1 | m 1 | y 2 | y 0 | y 1 | y 8 |
| To date | d 0 | d 1 | m 0 | m 5 | y 2 | y 0 | y 1 | y 9 |

7 Progress report

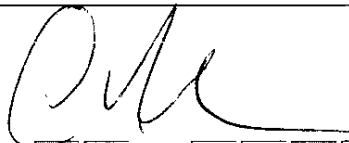
☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

| | | | | | | | |
|-----|-----|-----|-----|-----|-----|-----|-----|
| d 2 | d 9 | m 0 | m 5 | y 2 | y 0 | y 1 | y 9 |
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Rachyal & Co Limited (IN ADMINISTRATION)

The Administrator's Progress Report to 1 May 2019

Andrew Fender

**Sanderlings LLP
Sanderling House
Springbrook Lane
Earlswood
Solihull
B94 5SG**

01564 700 052

info@sanderlings.co.uk

This report has been prepared for the sole purpose of updating the creditors for information purposes. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever.

Andrew Fender was appointed Administrator of Rachyal & Co Limited on 2 November 2018. The affairs, business and property of the Company are managed by the Administrator. The Administrator acts as an agent of the Company and contracts without personal liability.

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1. EXECUTIVE SUMMARY

This report describes the progress since the commencement of the Administration ("the Review Period").

A summary of key information in this report is detailed below

Asset realisations

| Asset | Estimated to realise per Statement of Affairs | Realisations to date | Anticipated future realisations | Total anticipated realisations |
|-------|---|----------------------|---------------------------------|--------------------------------|
| None | Nil | Nil | Nil | Nil |

Expenses

| Expense | Estimated per Proposals | Expense incurred to date | Anticipated further expense to closure | Total anticipated expense |
|--------------------------|-------------------------|--------------------------|--|---------------------------|
| Administrator's fees | 20,940 | 18,123 | 2,817 | 20,940 |
| Solicitor's fees | 2,000 | 2,000 | Not known | Not known |
| Category 1 disbursements | 421 | 421 | Nil | 421 |
| Category 2 disbursements | 420 | 420 | Nil | 420 |

Dividend prospects

| Creditor class | Distribution / dividend paid to date | Anticipated distribution / dividend, based upon the above |
|------------------------|--------------------------------------|---|
| Secured creditor | Nil | Nil |
| Preferential creditors | Nil | Nil |
| Unsecured creditors | Nil | Nil |

1.1 Summary of key issues outstanding

- Continued investigations into supplies to the company prior to Administration that were not paid for and were unaccounted for.

2. THE PROGRESS OF THE ADMINISTRATION

2.1. The Administrator's final receipts and payments account

Attached at Appendix II is a receipts and payments account for the Review Period.

The rest of this report describes the key developments in the Administration over the Review Period

In this section, we have summarised the main asset realisations during the Review Period and an estimation of the those assets yet to be realised, together with details of the associated costs incurred but as yet remaining unpaid

2.2. Administration (including statutory reporting)

The Administrator has met a considerable number of statutory and regulatory obligations. Whilst many of these tasks have not had a direct benefit in enhancing realisations for the insolvent estate, they have assisted in the efficient and compliant progressing of the administration, which has ensured that the Administrator and their staff have carried out their work to high professional standards.

During the Review Period, primarily these tasks have included:

- Informing all relevant persons of the commencement of the Administration, including filing statutory documents at Companies House and meeting statutory advertising requirements;
- Issuing the Administrator's Proposals, seeking relevant creditors' approvals and issuing notice of the outcome;
- Drafting and issuing the progress report to creditors;
- Consulting with and instructing staff and independent advisers as regards practical, technical and legal aspects of the case to ensure efficient progress;
- Maintaining case files, which must include records to show and explain the administration and any decisions made by the Administrator that materially affect the administration;
- Monitoring and maintaining an adequate statutory bond;
- Conducting periodic case reviews to ensure that the administration is progressing efficiently, effectively and in line with the statutory requirements;
- Maintaining and updating the estate cash book and bank accounts, including regular bank reconciliations and processing receipts and payments; and
- Completing periodic tax returns.

2.3. Trading

As outlined the Proposals Report, the business ceased trading prior to Administration.

2.4. Realisation of assets

The Proposals Report dated 21 December 2018 highlighted the position in respect of substantial supplies to the Company in the months preceding Administration that were not paid for and were unaccounted for.

At the time of the Administrator's Proposals Report, seven suppliers had made contact regarding various goods supplied to the Company in the months May 2018 to September 2018 with an aggregate value of £598,042.

In the subsequent period, the Administrator has been contacted by eight further suppliers of goods including tyres, wood panels, ventilation equipment, hydroponic equipment and electricity. The aggregate claims from all suppliers amount to £780,056.

It has been confirmed that minimal transactions have gone through the Company's bank account and certainly no transactions relating to the purchase or onward sale of these goods

The Administrator has continued to receive little cooperation from the director of the Company to requests for information and records relating to these transactions.

It was advised previously that the Administrator had understood the director would prepare and provide a Statement of Affairs following receipt of advice from solicitors and accountants, however this document or any such relevant information has not been received.

The Administrator was also advised that the director was reviewing the possibility was assisting with a proposal for a Company Voluntary Arrangement, however no further communication was received in this regard

In March 2019, the Administrator was provided with contact details of the director's business partner, Mr Shah, and he has been requested to provide the Company's books and records as well as further details relating to the transactions with suppliers detailed above and the whereabouts of the goods, debt outstanding or cash receipts.

The Administrator has since received information from Mr Shah suggesting that the Company operated a number of purchase contracts with third parties and that significant amounts of money are owed by these companies for the onward supply of goods to them. Mr Shah is in the process of obtaining further information from the cloud-based system and the Administrator has requested copies of any relevant contracts, invoices and delivery details.

2.5. Estimated future realisations

As outlined above, the Administrator is investigating

2.6. Costs incurred but remaining unpaid

During the Review Period, the Administrator has incurred time costs and direct expenses, not all of which have yet been discharged. Further details of these costs are set out in section 5 below.

3. CREDITORS: CLAIMS AND DISTRIBUTIONS

3.2. Secured creditors

The Company granted a floating charge to Kashif Iqbal on 11 September 2018. The Administrator understands the sum of £11,000 is owed to the charge holder.

During the Review Period, no funds have been available for distribution to the charge holder and based on current information it is unlikely that a distribution will be made.

3.3. Preferential creditors

The Administrator is not aware of any preferential claims.

3.4. Unsecured creditors

Unsecured claims are estimated at £780,056 based on communication received from creditors. From the information currently available, it is not anticipated that a dividend will be paid to unsecured creditors.

4. INVESTIGATIONS

4.1. Investigations

As part of the Administrator's statutory duties, an investigation into the conduct of the Company Directors was completed.

In this regard, a confidential report was submitted to the Insolvency Service on 31 January 2019.

4.2. Initial Assessment of Potential Recoveries

As part of my duties as Administrator, I am obliged to review shortly after appointment all the information available to us and conduct an initial assessment of whether there are any matters which may lead to any recoveries for the benefit of creditors. This would typically include any potential claims which may be brought against parties either connected to or who have past dealings with the Company.

This review has been completed and as outlined previously and above, the Administrator is still investigating the supplies and potential onwards sales in the months preceding Administration.

5. THE ADMINISTRATOR'S FEES AND EXPENSES

5.1. Pre-Administration Costs

The Administrator has not sought approval of Pre-Administration Costs.

5.2. The Administrator's Fees

The basis of the Administrator's fees was fixed on 11 January 2019 by a resolution of creditors as follows:

- By reference to the time properly given by the Administrator and their staff in attending to matters arising in the Administration, such time to be charged at the prevailing standard hourly charge out rates used by Sanderlings LLP at the time the work is performed (plus VAT);

A breakdown of the time costs incurred during the Review Period and for the Administration as a whole is provided at Appendix III and further information regarding the charge-out rates of the Administrator and their staff is provided at Appendix IV.

"A Creditors' Guide to Administrators' Remuneration" is available for download at:
<http://www.sanderlings.co.uk/creditors-guides/administration.pdf>

Should you require a paper copy, please send your request in writing to the Administrator at the address on the front of this report and this will be provided to you at no cost.

As outlined previously, the Administrator has an agreement with the charge holder that as a condition of the appointment, £5,000 would be paid upfront and a further £5,000 would be paid if there are no realisations in the Administration. The sum of £5,000 was received by Sanderlings LLP on 6 November 2018 and if realisations are sufficient then this amount will be reimbursed to the charge holder.

5.3. Comparison of estimates

The Administrator's time costs incurred to date (whether or not they have been charged to the Administration estate) are compared with the original fees estimate as follows:

| Work category | Original fees estimate | | | Actual time costs incurred during the Review Period | | |
|--------------------------------------|------------------------|--------------------------------|--------------|---|--------------------------------|--------------------|
| | Number of hours | Blended hourly rate £ per hour | Total fees £ | Number of hours | Average hourly rate £ per hour | Total time costs £ |
| Administration (including statutory) | 40.0 | 255.00 | 10,200 | 24.60 | 218.29 | 5,370 |

| Work category | Original fees estimate | | | Actual time costs incurred during the Review Period | | |
|-------------------------------------|------------------------|--------------------------------|--------------|---|--------------------------------|--------------------|
| | Number of hours | Blended hourly rate £ per hour | Total fees £ | Number of hours | Average hourly rate £ per hour | Total time costs £ |
| reporting) | | | | | | |
| Realisation of assets | 15.0 | 268.00 | 4,020 | 15.50 | 407.81 | 6,321 |
| Creditors (claims and distribution) | 20.0 | 177.00 | 3,540 | 26.60 | 150.00 | 3,990 |
| Investigations | 14.0 | 227.14 | 3,180 | 9.80 | 249.18 | 2,442 |

The expenses incurred to date are compared with the original expenses estimate as follows:

| Expenses | Original expenses estimate £ | Actual expenses incurred in the Review Period £ | Reason for any excess (if the expenses are likely to, or have, exceeded the original estimate) |
|---|------------------------------|---|--|
| Legal costs | 2,000.00 | 2,000.00 | N/a |
| Advertising | 77.10 | 77.10 | N/a |
| Bonding | 30.00 | 30.00 | N/a |
| VisionBlue/Insolv fee | 110.00 | 110.00 | N/a |
| Redirection of mail | 204.00 | 204.00 | N/a |
| Stationery / printing / postage / telephone | 175.00 | 175.00 | N/a |
| Company search | 45.00 | 45.00 | N/a |
| Storage | 200.00 | 200.00 | N/a |
| TOTAL | 2,841.10 | 2,841.10 | |

The bases on which the expenses defined as Category 2 disbursements are calculated are explained in Appendix IV.

Having regard for the costs that are likely to be incurred in bringing this Administration to a close, the Administrator considers that:

- the original fees estimate is likely to be exceeded; and
- the original expenses estimate is unlikely to be exceeded.

The main reason why the fees estimate is likely to be exceeded is the additional work undertaken with regard to investigating the supplies made to the Company and the resulting creditor claims. However, given the limited realisations in this case to date, the Administrator does not propose to draw fees in excess of the fees estimate at present. The Administrator will review the position as regards fees when the prospects of realising the remaining assets become clearer.

5.4. Creditors' right to request information

Any secured creditor, or unsecured creditor with the support of at least 5% in value of the unsecured creditors or with permission of the Court, may request in writing the Joint Administrators to provide additional information regarding fees or expenses to that already

supplied within this report. Such requests must be made within 21 days of receipt of this report.

5.5. Creditors' right to challenge fees and/or expenses

Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors or with permission of the Court, may apply to the Court for one or more orders, reducing the amount or the basis of fees which the Administrator is entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within 8 weeks of receipt by the applicant(s) of the progress report detailing the fees and/or expenses being complained of.

Please note that such challenges may not disturb fees or expenses (whether or not discharged from the estate) disclosed in prior progress reports.

6. CONCLUSION

The Administration will continue in order to finalise the outstanding matters as detailed above.

If you require any further information please contact Edwin Lee on 01564 700 052.



Andrew Fender

Dated: 29 May 2019

Andrew Fender was appointed Administrator of Rachyal & Co Limited on 2 November 2018. The affairs, business and property of the Company are managed by the Administrator. The Administrator acts as an agent of the Company and contracts without personal liability.

Rachyal & Co Limited (IN ADMINISTRATION)

STATUTORY INFORMATION

| | |
|---------------------------|--|
| Company Name | Rachyal & Co Limited |
| Proceedings | In Administration |
| Court | Birmingham Business and Property Courts |
| Court Reference | 8309 of 2018 |
| Date of Appointment | 2 November 2018 |
| Administrator | Andrew Fender |
| Registered office Address | Sanderling House, Springbrook Lane, Earlswood, Solihull, B94 5SG |
| Company Number | 05959007 |
| Appointment by | Appointed by Charge Holder |

DEFINITIONS

| | |
|-------------------|---|
| The Act | Insolvency Act 1986 |
| The Rules | Insolvency Rules 1986 or Insolvency (England & Wales) Rules 2016 (whichever applied at the time of the event) |
| The Administrator | Andrew Fender |
| The Company | Rachyal & Co Limited (in Administration) |
| The Court | Birmingham Business and Property Courts |
| SIP | Statement of Insolvency Practice |
| Review Period | Period covered by the report from 02.11.18 to 01.05.19 |

Rachyal & Co Limited (IN ADMINISTRATION)

THE ADMINISTRATOR'S RECEIPTS AND PAYMENTS ACCOUNT

Rachyal & Co Limited
Receipts and Payments Account from 2 November 2018 to 1 May 2019

| | |
|-------------------------------|-------------------------|
| <u>Receipts</u> | £ |
| None | Nil |
| | <hr/> |
| | <hr/> - |
| <u>Payments</u> | |
| None | Nil |
| | <hr/> |
| | <hr/> - |
| <u>Closing Balance</u> | <hr/> 0.00 <hr/> |

Where funds are held, they are held in an Interest Bearing Account

Sanderlings

TIME & CHARGEOUT SUMMARIES

Rachyal & Co Ltd - POST

To 01/05/2019

HOURS

| Classification Of work Function | Partner | Manager | Other Senior Professional | Assistants & Support Staff | Total Hours | Time Cost £ | Average Hourly Rate £ |
|------------------------------------|----------|---------|------------------------------|-------------------------------|-------------|----------------|--------------------------|
| Administration & Planning | 0.50 | 0.00 | 10.30 | 13.80 | 24.60 | 5,370.00 | 218.29 |
| Investigations | 3.60 | 0.00 | 0.00 | 6.20 | 9.80 | 2,442.00 | 249.18 |
| Realisation of Assets | 14.80 | 0.00 | 0.00 | 0.70 | 15.50 | 6,321.00 | 407.81 |
| Creditors | 0.00 | 0.00 | 0.00 | 26.60 | 26.60 | 3,990.00 | 150.00 |
| Trading | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Fees Claimed £ | 7,938.00 | 0.00 | 3,090.00 | 7,095.00 | | 18,123.00 | |
| Total Hours | 18.90 | 0.00 | 10.30 | 47.30 | 76.50 | | |
| Average Rate | 420.00 | 0.00 | 300.00 | 150.00 | | | |

Rachyal & Co Limited (IN ADMINISTRATION)

CHARGE-OUT RATES AND BASES OF CATEGORY 2 DISBURSEMENTS

Fees

The fees of the Trustee/Liquidator/Supervisor/Administrator (appointed IP) are fixed by reference to time properly spent by the appointed IP and his staff in attending to all matters arising in the Bankruptcy/liquidation/Voluntary Arrangement/Administration (case) unless otherwise agreed with the creditors. The appointed IP and his staff charge time to all insolvency cases in units of 6 minutes. The Trustee/Liquidator/Supervisor/Administrator reserves the right to charge interest at a rate of 2% above bank base rate on unrecovered work in progress.

The charge-out rates for the various categories of staff are as follows:-

| | Charge Out Rate per Hour £ |
|---|-------------------------------|
| Appointed Partner (Trustee, Supervisor, Liquidator, Administrator, Administrative Receiver) | 420 |
| Partner/Senior Manager | 300 |
| Manager | 230 |
| Case Administrator | 150 |
| Support staff (only to be chargeable for periods of 1 hour or more) | 110 |
| Junior | 45 |

| Standard Activity | Examples of Work |
|---|---|
| Statutory Compliance, administration & planning | Statutory reporting and compliance, compliance with other regulatory requirements case planning, administrative set up, appointment notification, maintenance of records, SIP 2 review, CDDA reports, Investigating antecedent transactions |
| Investigations | Identifying, securing, insuring assets, Retention of title, Debt collection |
| Realisation of assets | Property, business and asset sales |
| Trading | Management of operations, accounting for trading, on going employee issues |
| Creditors | Communication with creditors, Creditors' claims (including employees and other preferential creditors) |

Disbursements - Category 2 Disbursements

In dealing with the case, the appointed IP will incur expenses and disbursements that are recoverable from the assets available in the case in accordance with the Insolvency (England and Wales) Rules 2016 where appropriate (e.g. Rule 3.51 in Administrations and Rule 6.42 in CVLs). In addition to out of pocket expenditure, the appointed IP will also recover shared or allocated costs. These may be referred to as category 2 disbursements. Where applicable, such category 2 type disbursements are calculated as follows: -

| Expense Type | Basis of Charge |
|--|---|
| For all official stationery, printing postage and telephone charges, including notices to creditors and contributories in respect of the first meetings of creditors and contributories: | (i) for a number of creditors and Contributories not exceeding 25, £175 (ii) for every additional 10 creditors and contributories or part thereof, £40 |
| Where any other meetings of creditors or contributories are held, for summoning and holding the meetings and for statutory circulars: | (iii) for a number of creditors and Contributories not exceeding 25, £155 (iv) for every additional 10 creditors and contributories or part thereof, £20 |

All other expenses and disbursements are recovered as follows:

| Expense Type | Basis of Charge |
|---|----------------------------|
| Room Hire (for each statutory meeting of creditors) | £175.00 per meeting |
| Mileage | 35-95p per mile |
| Company search costs | £45 per search |
| Storage of company books and records | £2.50 per box per quarter* |

* Where funds permit, a charge for storage of boxes for 12 months after closure of the case is made to cover storage costs until such time as destruction of the records is permitted. Minimum charge of £200 to cover administration.

Should any creditor require further clarification in respect of fees or expenses, then please contact the appointed IP or case manager as identified in the correspondence concerning the case in question.

INFORMATION

Within 21 days of receipt of this progress report a creditor may request that I provide further information about the remuneration and expenses set out in the report. A request must be in writing, and may be made by a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the creditors (including that creditor) or the permission of the court. You also have a right to challenge my remuneration and expenses.

I am obligated to provide the requested information within 14 days, unless I consider that the time or cost involved in preparing the information would be excessive, or disclosure would be prejudicial to the conduct of the proceedings or might be expected to lead to violence against any person, or I am subject to an obligation of confidentiality in relation to the information requested, in which case I must give the reasons for not providing the information.

Any creditor may apply to the court within 21 days of my refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information. As an insolvency practitioner I am bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

A guide to fees is available on request or at www.icaew.com/en/technical/insolvency/creditors-guides - Updated 1 January 2016