

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company
Rako Products Limited

Company number
06020667

In the Worcester District Registry (full name of court)

Court case number 65 of 2008

(a) Insert full name(s) and address(es) of administrator(s)

I/We (a)
Robin David Allen
Deloitte LLP
3 Rivergate
Temple Quay
Bristol
BS1 6GD

Richard Michael Hawes

administrator(s) of the above company attach a progress report for the period

(b) Insert date

From
(b) 01/07/2009

To
(b) 22/12/2009

Signed



Joint / Administrator(s)

Dated

22/12/09

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.

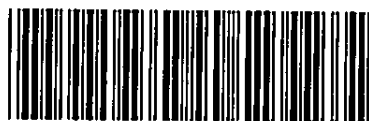
The contact information that you give will be visible to searchers of the public record

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**RAKO PRODUCTS LIMITED
(IN ADMINISTRATION)
("the Company")**

**Worcester District Registry
Court No. 65 of 2008**

**FINAL PROGRESS REPORT TO CREDITORS
PURSUANT TO RULE 2.110 OF THE INSOLVENCY RULES 1986**

22 December 2009

This report has been prepared for the sole purpose of advising the Creditors. 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 advising them, or by any other person for any purpose whatsoever.

The Administrators act as agents of the Company without personal liability

**RD Allen and RM Hawes
Deloitte LLP
3 Rivergate
Temple Quay
Bristol
BS1 6GD**

WEDNESDAY
23/12/2009

	CONTENTS	Page
1.	INTRODUCTION	2
2.	THE ADMINISTRATORS' PROPOSALS	3
3.	STEPS TAKEN DURING THE ADMINISTRATION	5
4.	ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT AND ADMINISTRATION OUTCOME	7
5.	DISTRIBUTIONS TO CREDITORS	8
6.	OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS	9
7.	ADMINISTRATORS' FEES AND EXPENSES	10

APPENDICES

- I. Statutory information**
- II. Administrators' receipts and payments account as at 22 December 2009**
- III. Administrators' time costs**

ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used:

"The Act"	Insolvency Act 1986 (as amended)
"The Rules"	Insolvency Rules 1986 (as amended)
"the Administrators"	Robin David Allen and Richard Michael Hawes
"the Company"	Rako Products Limited (in Administration)
"Deloitte"	Deloitte LLP
"the Directors"	Darracq Shawe and Larry Leach
"HIF"	HSBC Invoice Finance (UK) Limited
"the factoring agreement"	HSBC Invoice Financing agreement
"factored book debts"	Book debts subject to the factoring agreement
"the Bank"	HSBC Bank Plc
"July report"	The Administrators' progress report to creditors for the period 23 December 2008 to 30 June 2009

1. INTRODUCTION

1.1 Introduction

This report has been prepared in accordance with Rule 2.110 of The Rules to provide creditors with a summary of the Administration of the Company since the period covered in the July report.

A schedule of statutory information in respect of the Company is attached at Appendix I.

1.2 Details of the appointment of the Administrators

Steven Ramsbottom and Richard Hawes of Deloitte were appointed Administrators on 23 December 2008 following an application made by the Company acting through its Directors.

The Court of the proceedings is the High Court, Worcester District Registry (case number 65 of 2008).

Mr Ramsbottom subsequently left Deloitte, and on 22 May 2009 Robin Allen was appointed as a Joint Administrator in Mr Ramsbottom's place.

For the purposes of Paragraph 100(2) of Schedule B1 of the Act, the Administrators confirm that they have been authorised to carry out all functions, duties and powers by either of them jointly and severally.

2. THE ADMINISTRATORS' PROPOSALS

2.1 Introduction

As previously reported to creditors, the Administrators concluded that it was not possible to rescue the Company as a going concern. Consequently, the Administrators have performed their functions in relation to the Company with the objective set out in Paragraph 3(1)(c), which is to realise the Company's property in order to make a distribution to secured and/or preferential creditors.

The Administrators' proposals in order to achieve this objective, which were approved by the creditors of the Company at the meeting of creditors held on 2 March 2009, were as follows:

1. That the Administrators continue to manage and wind down the affairs and assets of the Company, collect any recoverable outstanding pre appointment book debts as required, utilising realisations of assets where appropriate, settle any Administration expenses where such expenses are incurred for the purpose of the Administration and realise the remaining assets of the Company.
2. That the Administrators be authorised to agree creditor claims and distribute any dividends to preferential and unsecured creditors and then to dissolve the Company and cease to act or alternatively to seek to put the Company into Creditors Voluntary Liquidation ("CVL") depending on which option will result in a better realisation for the creditors of the Company, which is likely to depend on the speed and extent of the realisations for the Company. If the Company is placed into CVL the Administrators propose to be appointed Joint Liquidators if appropriate. Please note that the creditors may nominate a different person as the proposed liquidator (provided nomination is made after receipt of proposals and before proposals are approved).
3. That the Administrators' fees and expenses, as set out in section 5 of the statement of Administrators proposals, are approved for immediate payment.
4. If a creditors meeting is requested, creditors may wish that a Creditors' Committee be formed consisting of not more than 5 nor less than 3 creditors for the Company for the purpose of assisting the Administrators in the performance of their duties.
5. Furthermore that the Administrators are authorised from 1 February 2009 to draw remuneration on a time cost basis in accordance with their prevailing charge-out rates plus disbursements and VAT as and when funds become available.
6. That the Administrators' disbursements for mileage be fixed by reference to mileage properly incurred by the Administrators and their staff in attending to matters arising in the Administration, calculated at the prevailing standard mileage rate of up to 40p used by Deloitte LLP at the time when the mileage is incurred.
7. That the Administrators be authorised to draw Category 1 and Category 2 disbursements incurred during the course of the Administration.
8. That the Administrators be discharged from liability in respect of any action of theirs as Administrators on vacation of office (whether because they vacate office by reason of resignation, death or otherwise, because they are removed from office or because their appointment ceases to have effect) in accordance with Schedule B1 paragraphs 98 & 99 of the Insolvency Act 1986.
9. That the Administrators be discharged from any liability 14 days after their appointment as Administrators has ceased.

2.2 Amendments to proposals

No amendments have been made to the proposals.

2.3 Achievement of the approved proposals

We have summarised below the outcome in respect of each of the approved proposals:

Proposal	Current status
1	<p>The Administrators have realised all available chattel assets as per the Directors statement of affairs.</p> <p>An update on the collection of book debts is detailed in section 3.2.</p>
2	<p>There are no funds available for a distribution to preferential or unsecured creditors and therefore the Administrators have not agreed any creditor claims.</p> <p>Under the provisions of the Act it is not possible to move a company from Administration to creditors' voluntary liquidation ("CVL") if there is no prospect of a distribution being made to the unsecured creditors. As there are no funds available to creditors the Administration will cease on 22 December 2009, the expiry of one year following the date of appointment.</p>
3	<p>The Administrators' fees to 31 January 2009 of £15,710 were claimed as part of the total Administrators fees of £17,391 as shown at Appendix II.</p>
4	<p>No Creditors' Committee was requested and hence none was formed.</p>
5	<p>The basis for fixing the Administrators' fees beyond 1 February 2009 set out in the proposals was approved. The fees drawn by the Administrators in the Administration to date are set out at section 7 below.</p>
6 & 7	<p>The proposed method of calculating the Administrators' disbursements for mileage was approved. The disbursements drawn by the Administrators in the administration to date are set out at section 7 below.</p>
8 & 9	<p>The Administrators' discharge will take effect as set out in the proposals.</p>

Further information in respect of the outcome of the administration is contained in the following sections of this report.

3. STEPS TAKEN DURING THE ADMINISTRATION

3.1 Realisation of chattel assets

As previously reported the Administrators' chattel agents GoIndustry (UK) Limited ("GoIndustry") advised that the market value of the Company's assets including encumbered assets in situ was £28,900; the ex-situ valuation was £5,500. It was recommended that the Administrators pursue a sale of the business or sale of the assets in-situ based on the valuations received.

The business and assets of the Company were marketed for sale and a total of sixteen parties were contacted directly regarding the sale of the business. Only one offer was received, from a member of the existing management team. The following assets were sold to Miniveyor Products Limited for £35,000 on 21 January 2009:

Plant and Machinery;
Office Furniture and Equipment;
Intellectual Property;
Stock and Work in Progress;
Goodwill;
The benefit subject to the burden of the Customer Contracts; and
Customer Records

For the avoidance of doubt Darracq Shawe (former Director of Rako Products Limited) acts as a Director of Miniveyor Products Limited.

3.2 Debtors

Non-factored book debts

The Company's debtors ledger comprises three debtors totalling £360,000 at the date of the Administrators' appointment.

As previously reported, approximately £337,000 of the outstanding book debts as at 23 December 2008 were in the form of sales to Miniveyor Systems Inc, a company registered in Canada and owned by Larry Leach, a former director of Rako Products Limited.

The Administrators held discussions with their legal advisors regarding the sums due from Miniveyor Systems Inc. The advice provided was that further action would require substantial funding in order to gather evidence to apply to the courts in Canada and/or the USA.

The Administrators did not receive any offers of assistance to collect the sums due from Miniveyor Systems Inc. Due to the limited funds available to the Administrators and the fact that recovery is extremely unlikely without additional funding, the Administrators consider that it is in the creditors' interests to stop pursuing this debt and close the Administration.

As previously reported, the Administrators estimated that £20,000 of non-factored book debts would be realised. The Administrators discovered that one debt of £16,681 was subject to the factoring agreement and as a result the book debts collected against this debt of £8,364 were transferred to HIF.

The remaining £3,400 of collectable non-factored book debts were disputed, following a review of Company and customer records these sums were subsequently written off.

Factored book debts

As at the date of the Administration the Company's factored book debts stood at £60,000. The Administrators have been made aware by HIF that £39,000 of these book debts have been collected, including the £8,364 collected by the Administrators. Approximately £18,000 of the factored book debts have been written off during the year, resulting in a balance of £3,000 of uncollected book debts.

After charging closure fees of £5,650, a balance of £23 remains due to HIF. Any surplus of factored book debts above the sums due to HIF will be remitted to the Administrators.

HIF have advised the Administrators that the outstanding sums will be settled at a rate of approximately £500 per month from December. As a result the Administrators do not consider that it is in the Creditors interest to extend the Administration as the costs of extending and continuing the Administration for a further six months is greater than any potential surplus of book debts.

3.3 Meeting of creditors

A meeting of creditors was held on 2 March 2009 to consider the Administrators' proposals as set out at section 2 above. The proposals were approved, and no further matters were discussed.

3.4 Distributions to creditors

Insufficient funds have been realised to allow a distribution either to preferential or unsecured creditors. This is discussed in more detail at section 5 below.

3.5 Exit

The Administrators will be automatically discharged on 22 December 2009, and the appointment of the Administrators will cease on that date.

4. ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT AND ADMINISTRATION OUTCOME

4.1 Introduction

Attached at Appendix II is a Receipts and Payments account covering the period from 23 December 2008 to 22 December 2009.

4.2 Asset realisations since the Administrators' last report

The only assets available for realisation in the period were non-factored book debts and any surplus of book debts subject to the factoring agreement.

As noted in section 3.2 the balance of non-factored book debts were written off following a review of company records. There is currently no surplus of factored book debts and the Administrators do not anticipate any realisations from this asset source.

A further £72 of bank interest has been received in the period.

4.3 Unrealised assets

The only unrealised asset that the Administrators are aware of is the book debt of £337,000 due from Miniveyor Systems Inc. As discussed in section 3.2 the Administrators do not anticipate that this sum would be realised if the Administration continued.

4.4 Outcome for creditors

There are no funds available for distribution to the preferential or unsecured creditors.

5. DISTRIBUTIONS TO CREDITORS

5.1 Secured creditors

The Bank has a fixed and floating charge over all assets of the Company. As at the date of the Administration the Bank was owed £49,778 by the Company, no distribution has been made to the Bank and therefore this sum remains outstanding.

HIF have a fixed charge on purchased debts and a floating charge over all other assets of the Company. As at the date of the Administration HIF were owed £34,328 by the Company; as detailed in section 3.2, £39,000 of factored book debts have been collected leaving a balance of £23 due to HIF after closure charges of £5,650. It appears that HIF will suffer a small shortfall on the amount due to them unless the outstanding book debt of £3,000 is settled over the next six months as promised by the debtor.

5.2 Preferential creditors

Preferential claims received by the Administrators total £8,000.

It was stated in the July report that any distribution to preferential creditors would be dependent on the collection of the book debt from Miniveyor Systems Inc. These sums have not been received and consequently there are no funds available for such a distribution.

5.3 Prescribed Part

The Bank's security is dated after the Enterprise Act 2002 and, therefore a prescribed part would be available to unsecured creditors, if sufficient realisations were made from the remaining book debts.

However, net of the costs of the Administration realisations subject to the Banks floating charge are insufficient, therefore there will be no distribution under the prescribed part.

5.4 Unsecured creditors

Unsecured claims identified in the directors' statement of affairs totalled £283,130. Claims received from creditors have been held until such time as it became clear whether or not funds would become available.

Although it was initially hoped that realisations might be sufficient to allow an unsecured distribution, this has not proved to be the case. There will be no payment to unsecured creditors.

6. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

6.1 Administrators' discharge

Following the conclusion of the administration on 22 December 2009, the Administrators have vacated office. In accordance with the proposals approved by creditors the Administrators will be discharged from liability in respect of any action of theirs as administrators fourteen days after they vacated office.

6.2 SIP 13 – Transactions with connected parties

In accordance with Statement of Insolvency Practice Number 13, the Administrators confirm that other than those disclosed in section 3.1 and 3.2, the Administrators have not been made aware of any sales to connected parties other than at normal commercial rates in the two years prior to the start of the Administration.

7. ADMINISTRATORS' FEES AND EXPENSES

7.1 Administrators' Fees

In accordance with Rule 2.106 of The Rules, in the absence of a creditors' committee, the Administrators have sought approval of their fees and expenses from the Company's creditors. At the meeting of creditors held on 2 March 2009, a resolution was passed authorising the Administrators to draw their fees plus any disbursements on a time cost basis as and when they saw fit.

The Administrators' time costs for the administration are summarised in the table below

A summary of the Administrators' time costs incurred is summarised in the table below, in accordance with Statement of Insolvency Practice number 9. A detailed analysis of the time spent by work function is attached at Appendix III.

Classification of work function	Partners & Directors	Managers & Assistant Managers	Assistants & Support Staff	Total	Total	Average Rate
	Hours	Hours	Hours	Hours	£	£
Administration and Planning	28.3	11.2	92.6	132.0	18,362	139
Creditors	3.0	3.0	21.4	27.4	3,239	118
Reporting & Investigations	-	7.3	21.0	28.3	3,569	126
Other Specific Matters	7.7	4.3	18.7	30.7	4,712	153
Trading	-	-	38.2	38.2	3,418	89
Realisation of Assets	17.0	4.1	55.8	76.9	10,777	140
TOTAL	56.0	29.8	247.7	333.5	44,077	132
TIME COST	16,785	5,507	21,785			

This summary should be read in conjunction with the attached report and explanatory notes.

"A Creditor's Guide to Fees" is available for download at <https://www.r3.org.uk/uploads/documents/Guide%20to%20Administrators%20Fees.pdf>. Should you require a paper copy please send your request in writing and we will provide this to you at no cost.

- **Administration and planning** includes case planning, case set-up, notification of appointment, maintenance of our case files and insolvency case record, statutory reporting, compliance, cashiering and accounting.
- **Creditors** includes set-up of creditor records, creditor communications, preferential claims, unsecured claims, secured and employee claims.
- **Investigations** includes investigating the companies affairs and in particular any antecedent transactions and also reporting on the conduct of its directors.
- **Other matters** includes case progression and VAT and taxation matters.

- **Realisation of assets** includes identifying, securing and insuring assets, sale of business, transition of contracts, property issues, disposal of stocks, collection of debts and realisation of other fixed assets.

7.2 Disbursements

The Administrators' direct disbursements in the Administration for the period from 23 December 2008 to 22 December 2009 are as follows:

Nature of disbursement	23 December 2008 to 22 December 2009 (£)
Mileage	51
Insurance	264
Insurance	79
Legal Costs	120
Statutory Advertising	14
Total	528

The disbursements detailed above have been reimbursed to Deloitte.

Mileage is calculated at the prevailing standard mileage rate of up to 40p used by Deloitte at the time when the mileage is incurred.

7.3 Charge out rates

The agreed HSBC rates for Deloitte for the staff involved in this assignment are as follows:

Grade	To 31 December 2008 £	From 1 January 2009 £
Partners and directors	260	300
Managers	180	230 to 265
Assistants and Support Staff	70 to 110	90 to 140

All partners and technical staff (including cashiers) assigned to the case record their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

With effect from 1 January 2009, charge out rates were increased and the charge out rate bandings have been amended, where applicable, to reflect this change.

7.4 Other professional costs

As previously advised, Harrison Clark LLP were instructed by the Administrators to advise on appropriate legal matters including the sale of assets to Miniveyor Products Limited and book debt collections. In addition, GoIndustry (UK) Limited, a firm of chattel agents, were instructed by the Administrators to undertake inventories and valuations of stock, plant and equipment, fixtures and fittings and other chattel assets where appropriate.

The professional costs to date are summarised in the table below, all of which have been settled as shown in appendix II. All professional costs are reviewed and analysed before payment is approved.

Name of lawyer/agent	Fees £
Harrison Clark LLP GoIndustry	6,037 1,080
Total	7,117

RAKO PRODUCTS LIMITED - IN ADMINISTRATION**JOINT ADMINISTRATORS' SUMMARY OF RECEIPTS AND PAYMENTS FOR THE PERIOD
FROM 23 DECEMBER 2008 TO 22 DECEMBER 2009**

	Directors' Statement of Affairs	23/12/08 to 30/06/09	01/07/09 to 22/12/09	Total
	£	£	£	£
RECEIPTS				
Debtors	357,407	8,364	-	8,364
Plant & Machinery	20,000	20,000	-	20,000
Stock	14,998	14,998	-	14,998
Property Rights/Patents	1	1	-	1
Customer Records	Nil	1	-	1
Bank Interest Received		43	31	73
		<u>43,407</u>	<u>31</u>	<u>43,437</u>
PAYMENTS				
Transfer of Book Debt to HIF			8,364	8,364
Administrators' Fees		17,391	9,757	27,148
Administrators' Expenses		329	199	528
Agents' Fees		1,080	-	1,080
Legal Fees			6,037	6,037
Statutory Advertising		280	-	280
		<u>19,080</u>	<u>24,357</u>	<u>43,437</u>
Balance in hand				0

RAKO PRODUCTS LIMITED - IN ADMINISTRATION

JOINT ADMINISTRATORS' SUMMARY OF TIME COSTS FOR THE PERIOD FROM 23 DECEMBER 2008 TO 16 DECEMBER 2009

Task Type	Task Level	Partner and Director Hours	£	Assistant Managers Hours	£	Other Professional and Support Staff Hours	£	Total Hours	Total £	Average Rate £
Admin and Planning	Cashiers	-	-	1.9	500.0	4.6	458.0	6.5	958	147
	Closure	-	-	0.5	70.0	-	-	0.5	70	140
	Compliance	8.5	2,550.0	3.1	592.0	19.9	1,744.5	31.4	4,887	156
	Progress Reporting	8.8	2,625.0	1.2	206.0	36.6	3,289.5	46.5	6,121	132
	Fees	0.8	225.0	0.4	92.0	2.6	234.0	3.8	551	147
	Immediate Actions	1.8	525.0	2.8	392.0	9.0	680.0	13.6	1,597	118
	Meetings	8.5	2,550.0	1.4	189.0	2.0	180.0	11.9	2,919	246
	Pre-Appointment	-	-	-	-	18.0	1,260.0	18.0	1,260	70
		28.3	8,475	11.2	2,041	92.6	7,846	132.0	18,362	139
Creditors	Employees	-	-	0.9	126.0	1.8	162.0	2.7	288	107
	Retention of Title	-	-	-	-	2.5	225.0	2.5	225	90
	Secured	2.0	600.0	-	-	0.5	45.0	2.5	645	258
	Unsecured	1.0	300.0	2.1	287.0	16.6	1,494.0	19.7	2,081	106
		3.0	900	3.0	413	21.4	1,926	27.4	3,239	118
Reporting & Investigations	D' Return	-	-	7.3	1,679.0	21.0	1,890.0	28.3	3,569	126
Other Specific Matters	Other	7.0	2,100.0	1.5	210.0	6.7	603.0	15.2	2,913	192
	Tax & VAT	0.7	210.0	2.8	509.0	12.0	1,080.0	15.5	1,799	116
		7.7	2,310	4.3	719	18.7	1,683	30.7	4,712	153
Trading	Day 1 Control	-	-	-	-	5.5	474.5	5.5	475	86
	Ongoing Trading	-	-	-	-	32.7	2,943.0	32.7	2,943	90
		-	-	-	-	38.2	3,418	38.2	3,418	89
Asset Realisation	Book Debts	8.0	2,400.0	2.2	389.0	46.3	4,167.0	56.5	6,956	123
	Other Assets	0.8	225.0	-	-	-	-	0.8	225	300
	Plant & Equipment	1.3	375.0	-	-	-	-	1.3	375	300
	Sale of Business	7.0	2,100.0	1.9	266.0	9.5	855.0	18.4	3,221	175
		17.0	5,100	4.1	655	55.8	5,022	76.9	10,777	140
Grand Total		56.0	16,785	29.8	5,507	247.7	21,785	333.5	44,077	132

Rako Products Limited - Final progress report to creditors dated 22 December 2009

Notes to Joint Administrators' summary of time costs for the period from 23 December 2008 to 16 December 2009

Administration and Compliance includes such tasks as case planning and set-up, appointment notification, statutory reporting, compliance, cashiering, accounting and administrative functions;

Creditors includes such tasks as creditor set up, communication and meetings, reviewing and agreeing preferential and unsecured claims, retention of title issues, corresponding with secured creditors, reviewing and obtaining advice in relation to security granted to the Bank. Also, dealing with trade creditors; dealing with customer creditors, employee issues and TUPE negotiations; and submitting documentation to HM Revenue & Customs.

Realisation of Assets includes such tasks as identifying and securing assets, dealing with the sale of business, property issues, activities in relation to other fixed assets, stock, debtors, investments and any related legal issues;

Other matters include investigation, VAT and corporation tax issues.

All partners and technical staff (including cashiers) assigned to the case record their time spent working on the case on a computerised time-recording system.

A summary of the time costs incurred is provided above, in accordance with Statement of Insolvency Practice number 9.

Time spent by secretarial staff working on the assignment has not been recorded or recovered.

The appropriate staff were assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims being agreed.

This summary should be read in conjunction with the attached report and explanatory notes. "A Creditor's Guide to Fees" is available for download at <https://www.r3.org.uk/uploads/documents/Guide%20to%20Administrators%20Fees.pdf>. Should you require a paper copy please send your request in writing and we will provide this to you at no cost.

RAKO PRODUCTS LIMITED - IN ADMINISTRATION

SUMMARY OF STATUTORY INFORMATION

Company name	Rako Products Limited
Previous names	Laskari Limited
Company number	06020667
Incorporation date	6 December 2006
Registered office	3 Rivergate, Temple Quay, Bristol, BS1 6GD
Ordinary issued and called up share capital	£1
Shareholders	Presario International Limited
Directors	Darracq Shawe Larry Leach
Company secretary	Darracq Shawe
Bankers	HSBC Bank Plc
Auditors	N/A