

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company

Haldanes Stores Limited

Company number

06621487

In the
Leeds District Registry

(full name of court)

Court case number
834 of 2011(a) Insert full
name(s) and
address(es) of
administrator(s)

I/We (a)
Brendan Ambrose Guilfoyle
The P&A Partnership
93 Queen Street
Sheffield
S1 1WF
DX 10616 Sheffield

Christopher Michael White
The P&A Partnership
93 Queen Street
Sheffield
S1 1WF
DX 10616 Sheffield

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

From


To

(b) Insert date

(b) 22 June 2011

(b) 21 December 2011

Signed


Joint / Administrator(s)

Dated

20/1/12

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

Brendan Ambrose Guilfoyle
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SATURDAY



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COMPANIES HOUSE

When you have completed and signed this form, please send it to the
Registrar of Companies at -
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IN THE HIGH COURT OF JUSTICE

NO 834/2011

CHANCERY DIVISION

LEEDS DISTRICT REGISTRY

IN THE MATTER OF HALDANES STORES LIMITED ("the Company")

AND

**IN THE MATTER OF THE INSOLVENCY ACT 1986 AS AMENDED BY THE
ENTERPRISE ACT 2002**

**JOINT ADMINISTRATORS' SIX MONTHLY PROGRESS REPORT TO CREDITORS
PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986 AS AMENDED BY THE
INSOLVENCY (AMENDMENT) RULES 2003**

This report has been prepared under the provisions of the Insolvency Rules for the sole purpose of advising the creditors of the company of the progress of the Administration. This report is private and confidential and may not be copied or quoted from in whole or in part, referred to or relied upon for any other purpose, other than advising creditors.

**The P&A Partnership
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S1 1WF
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HALDANES STORES LIMITED

1 INTRODUCTION

- 1.1 This report to creditors is made pursuant to Rule 2.47 of the Insolvency Rules 1986 as amended by the Insolvency (Amendment) Rules 2003

2 STATUTORY INFORMATION

Company name	Haldanes Stores Limited
Registered address	93 Queen Street, Sheffield S1 1WF (formerly Haldane House, 3 Ruston Road, Grantham, Lincolnshire NG31 9SW)
Company number	06621487
Other trading names of the Company	None
Date of incorporation	17/06/2008
Objects	Retail
Authorised share capital	55,520 ordinary A shares of 10p each 9,480 ordinary B shares of 10p each
Issued share capital	43,020 ordinary A shares of 10p each 7,592 ordinary B shares of 10p each
Shareholders	Arthur Haldane Stewart Harris - 43,020 ordinary A shares of 10p each Gordon Neil Emslie - 7,592 ordinary B shares of 10p each
Floating Charge Holders	Barclays Bank Plc holds a debenture dated 11 November 2009 Technical and General Guarantee Company S A holds a floating charge dated 10 May 2010 Dansk Supermarked A/S ("Dansk") holds a debenture dated 2 December 2010
Directors	Richard Collins Arthur Haldane Stewart Harris Christopher James Laud
Company Secretary	Christopher James Laud

3 COURT HAVING CONTROL OF ADMINISTRATION PROCEEDINGS AND JOINT ADMINISTRATORS' APPOINTMENT

3 1 The High Court of Justice, Chancery Division, Leeds District Registry is the Court seized of the Administration proceedings. The Court reference number is 834/2011.

3 2 On 22 June 2011 the directors of the Company filed a Notice of Appointment of Administrators pursuant to Paragraphs 22 and 29 of Schedule B1 to the Insolvency Act 1986. Brendan Ambrose Guilfoyle and Christopher Michael White of The P & A Partnership, 93 Queen Street, Sheffield S1 1WF were appointed Joint Administrators of the Company.

3 3 Brendan Ambrose Guilfoyle and Christopher Michael White are Insolvency Practitioners licensed by the Insolvency Practitioners Association of Valiant House, 4-10 Heneage Lane, London EC3A 5DQ.

3 4 In accordance with Paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 both of the Joint Administrators may exercise any or all of the functions of the Joint Administrators jointly or alone.

4 JOINT ADMINISTRATORS' STRATEGY

4 1 The proposals of the Joint Administrators as ratified by creditors on 30 August 2011 were to continue to wind down the business in an orderly manner and realise the assets of the Company in such a manner as they consider expedient with a view to achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

4 2 As stated in the Joint Administrators' proposals, whether there will ultimately be a return to the Company's unsecured creditors (other than through the Prescribed Part) will depend upon whether sums become payable to any of the creditors holding security including Dansk, who have lodged a contingent claim in the Administration in the sum of £6,530,000 plus interest and costs.

4 3 Should the above objective not be achievable due to the claim received from Dansk, it is anticipated that the third objective of realising the Company's property in order to make a distribution to one or more secured or preferential creditors will be achieved.

5 PROGRESS REPORT

5 1 This report covers the period following the appointment of the Joint Administrators on 22 June 2011 until 21 December 2011.

5 2 Shown overleaf is a summary of the Joint Administrators' receipts and payments covering the period between 22 June 2011 and 21 December 2011.

	Director's Statement of Affairs (£)	Actual (£)
RECEIPTS		
Equity in Financed Vehicles	10,000	-
Stock	50,000	-
Debtors	5,000	10,460
Credit Card Receipts	350,000	365,626
Cash at Bank	380,598	370,565
Store Takings	-	33,717
Motor Vehicles	-	5,650
Insurance Refund	-	295
Sundry Receipts	-	8,436
Utilities Refund	-	138
Vehicle Licence Refund		139
		<u>795,026</u>

PAYMENTS		
Specific Bond		528
Office Holders' Fees		418,395
Incidental Outlay		
Category 1 Disbursements		
Searches		70
Registered Office Changes		175
Category 2 Disbursements		
Motor and expenses		3,488
Postage		2,380
Faxes		96
Storage		23
Wages		23,294
Rates		280
Gas		30
Agent's Fees		76,074
Legal Fees		80,103
Fees re Pension Advice		500
Statutory Advertising		140
VAT		90,991
		<u>696,567</u>
Balance in Hand		<u>98,459</u>

- 5 3 Prior to the Joint Administrators' appointment the Company had ceased to trade from all but three of its stores, with the incumbent management expressing an interest in purchasing the remaining business and assets
- 5 4 As stated in the Joint Administrators' proposals, Charterfields Limited ("Charterfields") were instructed to value the business and its assets and advised that a sale of the business to the incumbent management would maximise realisations in this matter

- 5 5 Whilst various discussions in relation to this matter were carried out prior to the Joint Administrators' appointment, upon their appointment on 22 June 2011, no formal offers had been received
- 5 6 As a result of the above, upon their appointment the Joint Administrators and their staff undertook a cost/benefit analysis of continuing to trade the three remaining stores
- 5 7 Whilst a detailed assessment was undertaken it became apparent that due to the low level of interest in the business and the high level of employee liabilities relating to any transfer of the business to a purchaser, it was deemed unlikely that a purchaser for the business would be found
- 5 8 Furthermore, having considered the Company's short-term cashflow position it was not deemed beneficial to creditors for the Company to continue to trade in the short term on the basis of the high employee costs and also the low level of stock held
- 5 9 The Company's remaining one hundred employees were therefore made redundant with effect from 22 June 2011 with such employees being transferred to a related company, Haldanes Retail Group Limited (now THRG Limited)
- 5 10 Upon cessation of trading the Joint Administrators arranged for the funds held at each store to be banked into the Administration account Funds of £33,717 were realised in this respect
- 5 11 The Joint Administrators therefore undertook a review of the leases in the Company's name Whilst the majority of the stores had closed prior to the Joint Administrators' appointment none of the leases had been surrendered
- 5 12 Shortly after their appointment the Joint Administrators instructed their solicitors to write to each of the landlords with a view to surrendering the leases as soon as possible on the basis that no offers had been received to assign the properties
- 5 13 The Joint Administrators and their solicitors have entered into considerable correspondence in relation to this matter to date, and terms of surrender have been negotiated in relation to several of the leases The keys to all of the properties have also been returned to the respective landlords
- 5 14 Prior to the Joint Administrators' appointment the Company had acquired 18 retail outlets from the Co-Operative Group Limited ("the Co-op") Also prior to the Joint Administrators' appointment the Company had commenced legal proceedings against the Co-op jointly with Ruston Retail Limited, an associated company which is also in administration, on the basis that the management of the Company believed that certain of the sale and purchase agreement terms in relation to the acquisition of the stores had been breached
- 5 15 Upon appointment the Joint Administrators instructed their solicitors to review the claim and to advise on the options available to them in this respect
- 5 16 The proceedings are currently stayed by agreement and discussions are ongoing as to these being progressed

- 5 17 Upon appointment the Company's debtor ledger totalled £10,858. Following their appointment the Joint Administrators instructed their specialist debt recovery department to pursue the outstanding ledger. To date £10,460 has been realised in this respect.
- 5 18 In addition, the Company had both cash at bank and funds due to them in relation to credit card receipts. Subsequent to their appointment the Joint Administrators entered into correspondence with both parties and requested that such funds be transferred into the Administration bank account.
- 5 19 Funds of £370,565 have been received in relation to cash at bank. In addition, funds of £365,626 have been received in relation to credit card receipts. Additional funds of £5,000 are anticipated in relation to security funds held by the credit card company.
- 5 20 The Company had three wholly owned motor vehicles which were located throughout the UK. Such vehicles have now been uplifted and sold with realisations of £5,650 being achieved.
- 5 21 In addition to the above, the Company had various vehicles and point of sale equipment which were subject to third party ownership. Charterfields were instructed to review the agreements and advised that there was no equity in this respect. As such, the relevant finance companies were requested to uplift such assets as soon as possible.
- 5 22 Various sundry and nominal receipts totalling £9,008 have also been received.
- 5 23 Whilst the director's statement of affairs, which was attached to the Joint Administrators' proposals, estimated that £10,000 would be realisable in respect of stock, upon our appointment the majority of such stock had been depleted. Having reviewed the benefit of trading it was decided that the value of such stock was significantly less than the liabilities associated with continuing to occupy the leasehold properties. As such, any remaining stock was abandoned.
- 5 24 Whilst five retention of title claims have been received to date, as the Joint Administrators were not in occupation of the Company's premises and could not provide access to them, site inventories with suppliers could not be arranged.
- 5 25 The Joint Administrators did however review the documentation supplied by the claimants with details of the respective landlords being provided to facilitate the collection of goods where their claims were valid. As a result of such action, no liabilities are anticipated in this respect.
- 5 26 Subsequent to their appointment the Joint Administrators became aware of various inter-company balances and of an overdrawn director's loan account.
- 5 27 The Joint Administrators have written to such parties on several occasions requesting payment of all balances and have recently been advised that several of the connected companies wish to claim set off. The Joint Administrators and their solicitors are in the process of reviewing this claim and we will provide an update in this respect in our next report to creditors.
- 5 28 It was estimated on the director's statement of affairs that preferential creditor claims would be nil and that unsecured creditor claims would be £8,591,415. Preferential and unsecured creditor claims received to date total £12,619 and £6,117,496 respectively.

- 5 29 The Enterprise Act 2002 brought into force provisions for a fund, called the Prescribed Part, to be set aside for distribution to the unsecured creditors from the net realisations of assets subject to a floating charge contained in a debenture. The Qualifying Floating Charges are dated 11 November 2009, 10 May 2010 and 2 December 2010 and so section 176A of the Insolvency Act 1986 applies.
- 5 30 We have been advised by the Company's directors that two of the above mentioned charges were satisfied prior to our appointment. However, as stated in our proposals, the Company provided a guarantee to Dansk in respect of an indebtedness and liabilities in relation to a connected company which may fall due pursuant to this guarantee which are secured by a debenture.
- 5 31 Whether the Prescribed Part will apply will therefore depend upon whether any sums are ultimately payable to any of the secured creditors.
- 5 32 To date Dansk has submitted a very substantial contingent claim which has not to the Joint Administrators' knowledge crystallised at this time. To the extent that sums are ultimately payable to Dansk the Prescribed Part will apply.
- 5 33 The Joint Administrators' enquiries have revealed a number of areas where further investigation is necessary to determine whether there will be future recoveries. These investigations are continuing and will be reported on in due course.
- 5 34 The Joint Administrators are to be reimbursed for any expense or necessary disbursements properly charged or incurred in the course of carrying out their duties in this matter. These expenses include category 1 and 2 disbursements such as mileage at "AA" rate, meeting room hire, photocopying, stationery, postage, searches, redirection of mail, storage of the Company's books and records on a commercial basis within the Joint Administrators' storage facility and any other costs appertaining to the conduct of this Administration. Such expenses or disbursements are to be paid from the assets of the Company in accordance with the proposals of the Joint Administrators approved by creditors on 30 August 2011. Please refer to the attached Creditors' Guide to the Fees, Expenses and Disbursements charged by The P&A Partnership. A Creditors' Guide to Fees is available and provides explanations of creditors' rights. This can be accessed via the Internet at www.thepandapartnership.com/resources or alternatively a copy can be requested by telephoning The P&A Partnership Help Desk +44 (0)114 275 5033.
- 5 35 The Proposals of the Joint Administrators ratified by creditors on 30 August 2011, approved that the Joint Administrators' Remuneration shall be calculated by reference to the time properly given by the Administrators and their staff in attending to all matters arising during the course of the Administration. The Joint Administrators' time costs to date total £461,566, of which £418,395 has been drawn on account. An analysis of the time spent is shown overleaf.

Classification of Work	Partner	Manager	Other Senior Professionals	Assistants	Total	Time Cost £	Average Hourly Rate £
Function	(Hours)	(Hours)	(Hours)	(Hours)	(Hours)		
Case Specific Matters	10 00	5 00	40 50	11 30	66 80	15,136 40	226 59
Trading	13 00	0 00	24 10	1 30	38 40	11,181 00	291 17
Investigations	7 30	0 00	5 90	0 80	14 00	4,718 70	337 05
Realisation of Assets	131 90	0 00	132 30	21 10	285 30	87,211 90	305 68
Creditors	216 00	15 20	587 00	114 90	933 10	228,630 00	245 02
Administration & Planning	134 50	54 80	126 85	44 00	360 15	114,687 50	318 44
Totals	512.70	75.00	916.65	193.40	1,697.75	461,565.50	271.87
Total Time Cost (£)	246,096 00	28,467 00	179,266 50	7,736 00			

- 5 36 As stated in the Joint Administrators' proposals, due to a large element of work being carried out by the Joint Administrators prior to their appointment, the consent of unsecured creditors was obtained in relation to charging pre-appointment time on 30 August 2011. Of the above £461,565, £48,395 relates to pre-appointment time.
- 5 37 Time costs are at this level due to the amount of time dedicated by the Joint Administrators and their staff in reviewing the possibility of trading and also in evaluating the benefit of any such trading to the general body of creditors.
- 5 38 In addition, upon appointment the Company had approximately one hundred employees. Whilst such employees were subsequently transferred to a connected company, Haldanes Retail Group Limited (now THRG Limited) as at the date of our appointment, a further five hundred and twenty employees had been made redundant prior to our appointment and had outstanding claims in relation to wages, holiday pay, pay in lieu of notice and redundancy pay.
- 5 39 Due to the high number of employees with potential claims the Joint Administrators spent considerable time entering into correspondence with such employees and reviewing and dealing with their preferential and unsecured creditor claims.

- 5 40 Upon appointment the Joint Administrators were advised of approximately three hundred Company creditors. Since their appointment the Joint Administrators have dedicated substantial time entering into correspondence with such creditors in relation to their queries and claims.
- 5 41 The Company also had a number of leases in its name upon our appointment. In an attempt to minimise all liabilities to the Administration the Joint Administrators have spent considerable time reviewing such leases and, along with their solicitors, have entered into protracted correspondence with the landlords of the premises with a view to agreeing surrenders of leases.
- 5 42 In addition, as stated at paragraph 5 32, the Joint Administrators have received a contingent secured claim from Dansk in relation to a guarantee provided by the Company prior to their appointment. Due to the nature of the guarantee and the contingent claim, the Joint Administrators have dedicated a large amount of time to reviewing the validity of the claim.
- 5 43 A substantial amount of time has also been spent corresponding with our solicitors in relation to both the above matter and in relation to the legal proceedings commenced by the Company against the Co-op prior to our appointment.
- 5 44 The Joint Administrators and their staff expended time in relation to the collection of the Company's outstanding debtor ledger as at the date of their appointment. In addition, further time has been spent entering into correspondence with the connected companies and the director in relation to the additional sums which we believe may be due.
- 5 45 The above is in addition to the Joint Administrators' statutory duties.
- 5 46 A secured creditor or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor (or with permission of the Court), has a period of twenty one days from the date of receipt of this progress report to request further information in respect of the Joint Administrators' remuneration and expenses.
- 5 47 Any secured creditor, or any unsecured creditor with the concurrence of at least 10% in value of the creditors, including that creditor (or with the permission of the Court), may make an application to the Court on the grounds that the remuneration charged and or expenses incurred by the Joint Administrators are excessive or the basis fixed for the Joint Administrators' remuneration is inappropriate. Such an application to the Court must be made within eight weeks of the date of receipt of this progress report.

Dated this 20th day of January 2012



Christopher Michael White
Joint Administrator
Acting as an agent of the Company
without personal liability

Creditors Guide to the Fees, Expenses and Disbursements charged by The P&A Partnership

Rates applicable from the 1st April 2011

Details of Insolvency Practitioners Licensing Bodies

John Russell, Brendan Ambrose Guilfoyle, Andrew Philip Wood, Christopher Michael White, Gareth David Rusling, Filippa Connor and Ashleigh William Fletcher are all licensed by the Insolvency Practitioners Association of Valiant House, 4-10 Heneage Lane, London, EC3A 5DQ Philip Andrew Revill is licensed by the Institute of Chartered Accountants of England & Wales of Silbury Court, 412/416 Silbury Boulevard, Milton Keynes, MK9 2AF Derek Ewan Simpson is licensed by The Institute of Chartered Accountants of Scotland of CA House, 21 Haymarkets Yard, Edinburgh EH12 5BH

Insolvency Practitioners Fees

The Insolvency Rules 1986 entitles the Insolvency Practitioner to receive remuneration for his services and sets out the basis of how such remuneration shall be fixed which includes a percentage of the assets realised and monies distributed to creditors, a set amount, by reference to the time properly given by the office holders, their partners and staff in attending to matters arising, or one or more of the above bases and different basis may be fixed for different things Where it has been agreed by resolution of the secured creditors, a creditor's committee or creditors generally, that the office holders remuneration will be calculated by reference to a time basis, then such remuneration will be calculated in units of 6 minutes at the following hourly standard rates -

Grade	Total Hourly Standard Rates £	Total Hourly Complex Rates £
Partners/Associate Partners & Directors	320 – 435	480 – 600
Senior Manager & Managers	215 – 290	320 – 440
Administrators	176 – 215	
Assistants	40 – 176	

These are our current hourly charge out rates and are exclusive of value added tax Rates are reviewed annually and creditors will be advised of any alteration thereto In cases of exceptional complexity or risk, the insolvency practitioner reserves the right to obtain authority from the secured creditors, creditor's committee or the creditors generally, that their remuneration on such time as is agreed shall be charged on the above higher hourly complex rate

Debt Collection, Contested Asset Recovery and Related Services

Contested debt collection will be referred to P&A Receivables Services PLC, an associated company of The P&A Partnership and its dedicated legal firm James Peters & Co The fees of P&A Receivables Services PLC shall be charged by reference to the time properly given by their staff, such fees will be calculated in units of 6 minutes at the hourly rate of £80 P&A Receivable Services PLC may also be used to recover items such as plant and machinery, to locate debtors and to serve documents The fees for work of this nature will be calculated in accordance with P&A Receivables Services PLC's standard rates James Peters & Co fees will be charged by reference to time costs properly incurred, calculated in 6 minute units at an hourly rate of between £109 and £213, plus their disbursements These fees are in accordance with the guideline rates for summary assessment of costs following consultation between the legal profession and the Designated Civil Judge and are typical of legal firms in this geographical area

Expenses and Disbursements

The payment of Category 1 disbursements will be a charge against the estate to recover the actual cost of the disbursement paid out in respect of the administration of the estate A separate amount will be charged by way of an expense to recover the cost of Category 2 disbursements for services provided by the insolvency practitioner's firm Category 2 disbursements will include storage of company's books and records at the insolvency practitioner's own storage facility The books and records will be stored in banker's boxes and a storage fee will be charged at the rate of £7.50 per box per month This charge covers the transportation of records from the company's premises, storage, retrieval of books and records in storage for administration purposes and the destruction of such books and records after the first anniversary of the completion of the insolvency administration The recharge for company searches and electronic identification procedures for all new clients will depend on the documentation requested The charges will be £10 per set of financial accounts, £5 for an annual return, £5 for a mortgage summary, £10 for a company report, £35 for the Memorandum and Articles of Association, £15 for credit references, £5 for any other documents and £15 for electronic verification searches These charges reflect the insolvency practitioners costs to cover the administration costs of collating the information in addition to the direct costs in obtaining the documents An annual fee of £175 will be charged on corporate matters for the maintenance of the company's registered office at our office addresses The charge for the use of meeting rooms will be a flat rate of £100 per meeting or £150 in our London premises This includes where requested, the use of computer and media facilities Travelling by motor vehicle on business for the administration of the insolvency will be charged to the estate per mile at the appropriate rate currently published by the "AA" for the type of vehicle and engine size used All circulars will be sent out by first class post and the actual postage costs will be charged as an expense to the estate In respect of circulars, stationery and photocopying will be charged out at the rate of 50p per letterhead, 25p per copy paper or facsimile, 09p per proxy form, 09p creditor's guide, 20p large envelope, 18p small envelope, 16p address labels No charge will be made in respect of individual letters relating to the administration of the estate as the costs of these disbursements are reflected in the hourly rate The charges stated above are subject to small annual increments and creditors will be advised of these with future circulars

Introduction to Lending Sources

The P&A Partnership may make referrals to P&A Lender Services Ltd ('PALS') being an associated company PALS and its authorised representatives are not authorised under the Financial Services and Markets Act 2000 or by the Financial Services Authority to provide specific investment advice but they may be able to introduce funding seeking parties ('FSP's') to one or more reputable lending services ('Lender')

In such circumstances where any party associated with the referral is subsequently subject to any formal insolvency procedure and the Partners of The P&A Partnership are appointed office holders in relation to any formal insolvency, then any arrangement fees or commissions or payments becoming due to PALS (if any) from any Lender in respect of the acquisition or future trading of the business and assets of the insolvent party, will be paid into the realisation fund in the formal insolvency for the benefit of creditors

Our Ref H379611/J/CD