

The Insolvency Act 1986

Administrator's progress report

Name of Company
NL Realisations (2013) Limited (formerly
Nelsons Labels Limited)

Company number
07973310

In the
Manchester High Court, Chancery Division
[full name of court]

Court case number
4142 of 2013

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

We (a) Paul Stanley and Gary N Lee of Begbies Traynor (Central) LLP, 340 Deansgate, Manchester, M3 4LY

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

(b) Insert dates


from

to

(b) 29 October 2013

(b) 28 April 2014

Signed


Joint / Administrator(s)

Dated

21 May 2014

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.

Begbies Traynor (Central) LLP	
340 Deansgate, Manchester, M3 4LY,	
	Tel Number 0161 837 1700
Fax Number 0161 837 1762	DX Number

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

FRIDAY

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability

NL Realisations (2013) Limited(formerly Nelsons Labels Limited) (In Administration)

Progress report pursuant to Rule 2.47 of the
Insolvency Rules 1986

Period: 29 October 2013 to 28 April 2014

Important Notice

This progress report has been produced to comply with our statutory duty to report to creditors on the progress of the administration. 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 this report to them, or by any other person for any purpose whatsoever.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	NL Realisations (2013) Limited (formerly Nelsons Labels Limited) (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 29 October 2013
"the administrators" "we" "our" and "us"	Paul Stanley and Gary N Lee of Begbies Traynor (Central) LLP, 340 Deansgate, Manchester, M3 4LY
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	<ul style="list-style-type: none">(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and(ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

2. COMPANY INFORMATION

Trading name(s)	Nelsons Labels Limited
Date of Incorporation	2 March 2012
Company registered number	07973310
Company registered office	340 Deansgate, Manchester, M3 4LY

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of administrators' appointment	29 October 2013
Date of administrators' resignation	N/A
Court	Manchester High Court, Chancery Division
Court Case Number	4142 of 2013
Person(s) making appointment / application	The directors of the Company
Acts of the administrators	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 29 October 2013 to 28 April 2014. A breakdown of the receipts and payments can be found below. The book debts have been listed separately as they are subject to a factoring agreement with Lloyd's Commercial Finance ("the Bank").

Receipts

Plant & Machinery - £150,000 was received from CPS Assets Limited in relation to the sale of the Company's plant and machinery as part of the pre-packaged sale of the business and assets of the Company. Details of the sale were sent to creditors on 1 November 2013.

Stock, Goodwill & Customer Contracts - £10,000 was received from CPS Nelsons Limited in relation to the sale of the Company's stock, goodwill and customer contracts as part of the pre-packaged sale of the business and assets of the Company.

Cash in Hand – Petty cash of £241 51 was recovered by the Joint Administrators on appointment

Refunds – A refund of £53 15 was paid by Bupa in relation to the Company's annual subscription which was terminated on the appointment of the Joint Administrators

Bank Interest – A total of £53 15 has been earned in bank interest during the period

Payments

Agents Fees – Agents Wignall Brownlow LLP were paid £1,750 plus VAT for their valuation advice provided to the Joint Administrators in relation to the Company's assets

Legal Fees – Drydens Fairfax solicitors were paid £4,980 plus VAT for their advice provided to the Joint Administrators in assisting the directors to place the Company into administration, along with the work provided in drafting the sale agreement on behalf of the Joint Administrators

Legal Disbursements – Drydens Fairdax incurred £3 in disbursements in carrying out the work outlined above

Accountants Fees – Connelly & Co Chartered Accountants were paid £210 plus VAT for their work in finalising the Company's payroll

Re-direction of Mail – A fee of £120 was paid to Royal Mail to allow the Company's mail to be re-directed to the Joint Administrators' office following their appointment

Companies House Fees – A fee of £10 was paid to Companies House to allow the Joint Administrators to change the Company's registered name from Nelsons Labels Limited to NL Realisations (2013) Limited

Statutory Advertising – The Joint Administrators are required to advertise their appointment in the London Gazette. A cost of £84 60 was incurred in complying with this statutory requirement

Lloyds Commercial Finance – An interim distribution of £50,000 was paid to the Bank under their floating charge over the Company's assets

Book Debts

Receipts

Book Debts – A total of £125,721 23 has been collected by the Joint Administrators in the period since their appointment

Payments

Bank Charges – Charges of £12 were incurred in relation to a bank transfer made by one of the Company's debtors

Currency Conversion – A number of the Company's debtors are based overseas. A total of £94 49 has been written off due to the conversion rate on the date that payment was made

Nominal Write-Offs – Two of the Company's debtors paid back amounts slightly different to that shown on the ledger. The cumulative difference of the 2 amounts was 11p. The Joint Administrators have decided to write these amounts off as it would not be cost effective to pursue them further

Discount Element – An agreement was in place with a number of the Company's debtors that a percentage discount would be offered in the event that the outstanding invoices were paid on time. The Joint Administrators honoured this agreement and allowed a payment discount of £330 86 to be applied to one of the Company's debtors

Lloyds Commercial Finance – A total of £119,124 24 has been paid to Lloyds Commercial Finance in relation to their fixed charge over the Company's Book Debts

5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in our statement of proposals

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows

Secured creditor

Based on current estimates, there will be a distribution to the secured creditor in this matter. It is likely that the secured creditor will suffer a shortfall, based on the estimated to realise value of the Company's assets

Preferential creditors

Based upon realisations to date and estimated future realisations, we consider that there will be sufficient funds for a dividend to be paid to preferential creditors

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Details of how the prescribed part for unsecured creditors is calculated were provided in our statement of proposals

We have estimated, to the best of our knowledge and belief, the Company's net property, as defined in section 176A(6) of the Act, to be £136,242 72 and the prescribed part of the Company's net property to be £30,248 54

On present information we do not intend to make an application to court under Section 176A(5) of the Act for an order not to distribute the prescribed part of net property to the unsecured creditors. However we reserve our position generally in this regard should circumstances materially change

It is intended that any distribution to unsecured creditors by way of a prescribed part dividend will be made in a subsequent Creditors' Voluntary Liquidation, further details of which were provided in Section 8 of the Joint Administrators' Proposals and may be found in Section 10 of this report

To date, an interim distribution of £50,000 has been made to Lloyds Commercial Finance under the Floating Charge. I confirm that the prescribed part of the distribution has been set aside for unsecured creditors. However, this amount is subject to change dependent on the level of distributions made to the Bank under the Fixed Charge

Unsecured creditors

Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors, other than by way of a prescribed part

6. PRE-ADMINISTRATION COSTS

The pre-administration costs that were unpaid at the date of our appointment were detailed in our statement of proposals for achieving the purpose of administration. The Joint Administrators have sought the consent of the Secured Creditor and the preferential creditors for the approval of the payment of these costs. The relevant resolution to approve the costs is yet to be obtained

7. REMUNERATION & DISBURSEMENTS

It was proposed that our remuneration be fixed by the secured and preferential creditors in accordance with Rule 2 106(5A) of the Rules, by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration. We also proposed to be authorised to draw disbursements, including disbursements for services provided by our firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with our firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

The relevant resolutions are yet to be approved by the secured and preferential creditors pursuant to Rule 2 106 of the Rules.

Our time costs for the period from 29 September 2013 to 28 April 2014 amount to £77,324.50 which represents 401.9 hours at an average rate of £192.40 per hour.

The following further information in relation to our time costs and disbursements is set out at Appendix 2.

- ☐ Table of time spent and charge-out value for the period 29 October 2013 to 28 April 2014
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

We have not drawn any fees or disbursements in the period.

The Joint Administrators have also proposed to be remunerated 5% plus VAT of all debts collected, subject to the consent of the Secured Creditor. We have realised the following assets in relation to which approval has been proposed that a percentage of the sums realised be taken as remuneration.

Description of asset	Value of assets realised in period of this progress report	Total value of assets realised since appointment	% remuneration agreed	Total fees drawn to date	Fees not drawn to date
Factored Book Debts	£125,721.23	£125,721.23	5%	Nil	£6,286.06

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2011' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

8. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3.

9. ASSETS THAT REMAIN TO BE REALISED

Book Debts

The only remaining asset to be realised by the Joint Administrators is the remainder of the Company's book debts. The book debts are subject to a factoring agreement with the Secured Creditor, who has received regular updates from the Joint Administrators in relation to the book debt collection.

10. OTHER RELEVANT INFORMATION

Report on Directors conduct

As detailed in our statement of proposals, we have a duty to submit a report to the Department for Business, Innovation and Skills on the conduct of the directors. We have complied with our duties in this respect.

Connected party transactions

We have not been made aware of any sales of the Company's assets to connected parties.

11. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 2.48A of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been detailed in this progress report.

Right to make an application to court

Pursuant to Rule 2.109 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred as set out in this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

12. CONCLUSION

We will report again in approximately six months time or at the conclusion of the administration, whichever is the sooner.



Paul Stanley
Joint Administrator

Dated 21 May 2014

ACCOUNT OF RECEIPTS AND PAYMENTS

Period 29 October 2013 to 28 April 2014

S of A £		£	£
	SECURED ASSETS		
85,779 18	Book Debts	<u>125,721 23</u>	125,721 23
	COSTS OF REALISATION		
	Nominal Write-Offs	0 11	
	Bank/IDF Charges	12 00	
	Currency Conversion	94 49	
	Discount Element	<u>330 86</u>	(437 46)
	SECURED CREDITORS		
(225 000 00)	Lloyds Commercial Finance	<u>119 124 24</u>	(119,124 24)
	ASSET REALISATIONS		
150 000 00	Plant & Machinery	150,000 00	
10 000 00	Stock Goodwill & Customer Contracts	10 000 00	
1 000 00	Cash at Bank	NIL	
242 00	Cash in Hand	241 51	
	Bank Interest Gross	41 97	
	Refunds	<u>53 15</u>	160 336 63
	COST OF REALISATIONS		
	Companies House Fees	10 00	
	Agents/Valuers Fees (1)	1,750 00	
	Legal Fees (1)	4,980 00	
	Legal Disbursements	3 00	
	Accountants Fees	210 00	
	Re-Direction of Mail	120 00	
	Statutory Advertising	<u>84 60</u>	(7 157 60)
	PREFERENTIAL CREDITORS		
(24 999 28)	Employees re Arrears/Hol Pay	<u>NIL</u>	NIL
	FLOATING CHARGE CREDITORS		
	Lloyds CF	<u>50 000 00</u>	(50,000 00)
	UNSECURED CREDITORS		
(366 741 32)	Trade Creditors	NIL	
(165 922 13)	Employees	NIL	
(27 695 99)	HMRC (non VAT)	NIL	
(3 000 00)	Company Agents	NIL	
(37,863 65)	HMRC (VAT)	<u>NIL</u>	NIL
	DISTRIBUTIONS		
(90 00)	Ordinary Shareholders	<u>NIL</u>	NIL
<u>(604,291 19)</u>			<u>109,338 56</u>

TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates, and
- c Table of time spent and charge-out value for the period from 29 October 2013 to 28 April 2014

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting,
- Car mileage is charged at the rate of 45 pence per mile,
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,
- Displaying properties for sale on the 'Accelerated Property Sales from Begbies Traynor' section of the Begbies Traynor website is charged at the rate of £75.00 per property,

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*.

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Manchester office as at the date of this report are as follows:

	Standard
	1 May 2011
	–
	until
	further
	notice
	Regional
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee	110
Administrator	
Support	110

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.

[illegible]

STATEMENT OF ADMINISTRATORS' EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Agent's Fees	Wignall Brownlow LLP	1,750 00	1,750 00	Nil
Legal Fees	Drydens Fairfax Solicitors	4,980 00	4,980 00	Nil
Legal Disbursements	Drydens Fairfax Solicitors	3 00	3 00	Nil
Accountants Fees	Connelly & Co	210 00	210 00	Nil
Companies House Fees	Companies House	10 00	10 00	Nil
Re-Direction of Mail	Royal Mail	120 00	120 00	Nil
Statutory Advertising	Courts Advertising	84 60	84 60	Nil