

The Insolvency Act 1986

Administrator's progress report 2.24B

Name of Company Daniel Lynch Limited	Company number 01337025
In the High Court of Justice, Chancery Division, Birmingham District Registry <small>[full name of court]</small>	Court case number 3190 of 2004

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

(a) Gerald Irwin, of Irwin & Company, Station House, Midland Drive, Sutton
Coldfield, West Midlands B72 1TU;

Administrator of the above Company attach a progress report for the period

from

to

(b) 30 December 2005

(b) 29 June 2006

(b) Insert dates

Signed

Administrator

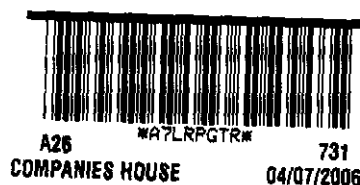
Dated

29/6/06

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

Irwin & Company, Station House, Midland Drive, Sutton Coldfield, West Midlands B72 1TU	
Tel: 08700 111812	
DX Number	DX Exchange



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

TO ALL KNOWN CREDITORS

6 June 2006

Our ref: GI/jdp/LA/X

Dear Sirs

**DANIEL LYNCH LIMITED
(IN ADMINISTRATION)
IN THE HIGH COURT OF JUSTICE, CHANCERY DIVISION,
BIRMINGHAM DISTRICT REGISTRY NO. 3190 OF 2004**

I refer to my appointment as Administrator of the above Company on 30 December 2004.

I am writing to provide you with a further progress report, in accordance with Rule 2.47(1) & (2) of the Insolvency Rules 1986 (Amendment Rules, Schedule 1, Part 2), on matters which have arisen in the Administration, since 30 December 2005.

This report should be read in conjunction with my previous progress reports to creditors, issued on 29 July 2005 and 6 December 2005, respectively.

1. Summary of Receipts and Payments

Enclosed is a Summary of Receipts and Payments in the Administration, for the period 30 December 2004 to 6 June 2006, from which you will note that there is a balance in hand of £373,606.

2. Property at 2 Fieldgate House, Fieldgate Lane, Kenilworth, Warks

I am pleased to advise that a sale of the above property was concluded on 2 June 2006, for the sum of £230,000.

On completion, my solicitors redeemed the mortgage to Bank of Ireland plc, in the sum of £161,872 and proceeded to discharge the associated costs of sale.

I am awaiting the net sale proceeds, which should amount to approximately £62,600. As such, all tangible assets of the Company have now been realised.

3. Other Realisations

Since the date of my last progress report to creditors, a further £8,679 in gross bank interest has been received in the Administration estate.

4. Secured Creditors

Bank of Ireland plc

As mentioned in paragraph 2 above, the indebtedness to Bank of Ireland plc has been discharged in full.

Mr & Mrs Lynch

As mentioned in my previous report and according to the Company's financial records, Mr & Mrs Lynch are indebted for the sum of £167,944, in relation to their Director's Loan Account, which is secured by way of a debenture conferring fixed and floating charges over the Company's assets.

I can confirm that no monies have been paid to Mr & Mrs Lynch, in respect of the above, as there are transactions, involving the Director's Loan Account, which are currently under and subject to ongoing investigation, as discussed in more detail below.

Daniel Lynch Properties Limited ("DLP")

As also mentioned in my previous report and according to the Company's financial records, DLP is indebted for the sum of £37,711, in relation to an Inter-Company Account, which is secured by way of a debenture, conferring fixed and floating charges over the Company's assets.

I can confirm that no monies have been paid to DLP, in respect of the above, as there are transactions, involving the Inter-Company Account, which are currently under and subject to ongoing investigation, as discussed in more detail below.

5. Preferential Creditors

Preferential claims were estimated in the sum of £8,880, according to the Director's Statement of Affairs, in relation to Accrued Holiday Pay due to former employees of the Company.

I can advise that preferential claims received in the Administration amounted to £6,755.

A first and final dividend, of 100 pence in the pound, was distributed to preferential creditors on 22 November 2005, the amount distributed being £6,755.

6. Non-Preferential Creditors

The Director's Statement of Affairs estimated that Non-Preferential claims would amount to £1,315,063.

I would advise that, to date, claims have been received from Non-Preferential creditors totalling £1,180,686.

According to my files, there are outstanding claims totalling £33,211.

Any creditor who has not yet lodged their claim against the Company, is requested to do so within the next 21 days.

7. Dividend Prospects for Non-Preferential Creditors

On current information, there will be sufficient funds available to enable a dividend available for Non-Preferential creditors.

The level of dividend available for Non-Preferential creditors will be dependent upon any future realisations.

8. Ongoing Investigative issues

i) Directors Loan Account - Preference Transaction pursuant to Section 239 of the Insolvency Act 1986

As mentioned in my previous report, the Company's financial records indicate that the Director's Loan Account balance reduced by approximately £850,000 in the 5-month period prior to Administration, which I have been advised by my solicitors may constitute a Preference, in accordance with Section 239 of the Insolvency Act 1986.

Mr & Mrs Lynch deny that the payment made from the Directors Loan Account, of £850,000, constitutes a Preference.

Investigations are ongoing in this regard.

ii) Inter-Company Account with Daniel Lynch Properties Limited - Preference Transaction pursuant to Section 239 of the Insolvency Act 1986

As mentioned in my previous report, the Company's financial records indicate that the sum of £37,711 was outstanding to DLP, at the date of Administration.

This was due to a Management Charge levied by DLP, on 5 November 2004, in the sum of £146,875 (gross), which my solicitors also advise may constitute a Preference, in accordance with Section 239 of the Insolvency Act 1986.

The Company's financial records indicate that historically, Management Charges were levied by Daniel Lynch Limited to DLP. As such, a written request was made to DLP for an explanation of the charge.

To date, I have not received a substantive response from DLP giving valid reasons for the charge, however, DLP denies that the Management Charge of £146,875 constitutes a Preference.

Investigations are ongoing in this regard.

iii) Mr & Mrs Lynch - Potential Transaction at an Undervalue, pursuant to Section 238 of the Insolvency Act 1986 - Re: Barrells Hall

As mentioned in my previous report, on undertaking a review and investigation of the Sage Financial Accounting System, it would appear that the Company incurred costs of £1,985,542 (exclusive of VAT), in relation to the Barrells Hall project.

The Company actually received the sum of £1.25 million (inclusive of VAT) from Mr & Mrs Lynch, in relation to the Barrells Hall project.

My solicitors and my Quantity Surveyors advise that the project may constitute a Transaction at an Undervalue in accordance with Section 238 of the Insolvency Act 1986.

Investigations are ongoing in the above regard.

9. Office Holder's Remuneration and Office Holder's Expenses

To date, the sum of £90,437 has been paid to this firm, as remuneration, in accordance with a resolution passed by creditors on 22 August 2005, approving that the Administrator's remuneration be based in accordance with the time costs of himself and his staff, for attending to matters arising in the estate.

I can confirm that the level of this firm's time costs, as at 13 May 2006, amount to £114,366, representing 702.70 hours at an average charge-out rate of £162.75 per hour. Of this sum, £90,437 has been billed, as mentioned above and therefore unbilled time costs, as at 13 May 2006, amount to £23,929. Enclosed, for your information and as required by Statement of Insolvency Practice 9 ("SIP9") is a Summary of this firm's time costs as at 13 May 2006.

Category 1 disbursements, as defined by SIP9, which have been expended in the Administration, are as detailed on the attached Summary of Receipts and Payments.

No category 2 disbursements, as also defined by SIP9 have been paid to this firm since the date of my last progress report to creditors, issued on 6 December 2005.

10 Extension of Administration

As you may be aware, the period of Administration is due to end on 30 June 2006.

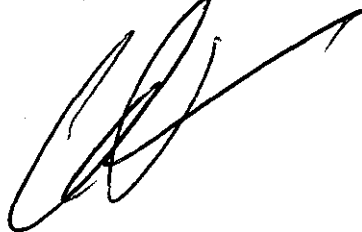
In view of the fact that investigations are ongoing, it is proposed that my solicitors make another Application to Court, requesting a further extension to the period of Administration, for a period of 6 months or until such time as all outstanding investigations have been concluded.

Please note that as soon as all investigative issues have been concluded, I shall proceed to place the Company into Creditors' Voluntary Liquidation, in order to effect a dividend distribution for non-preferential creditors of the Company.

11. General

I trust that you will find the above report self-explanatory, however, in the meantime should you have any queries, please do not hesitate to contact either me or my manager, John Pearson.

Yours faithfully
for and on behalf of
Daniel Lynch Limited

A handwritten signature in black ink, appearing to be 'G. Irwin', written over a large, loopy flourish.

Gerald Irwin
Administrator

Licensed to act as an insolvency practitioner by the Association of Chartered Certified Accountants.

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Statutory Information

Name of Company: Daniel Lynch Limited

Registered Office: Station House
Midland Drive
Sutton Coldfield
West Midlands
B72 1TU

Company Registration Number: 01337025

Administrators Name: Gerald Irwin

Administrators Address: Station House
Midland Drive
Sutton Coldfield
West Midlands
B72 1TU

Date of Appointment: 30 December 2004

Name(s) and Address(es) of
Appointor(s) Daniel Lynch and Jane Olwyn Lynch (Directors)
of Barrells Hall
Ullenhall
Henley in Arden
Warwickshire B95 5NQ

Daniel Lynch Limited
(In Administration)

Administrator's Abstract Of Receipts And Payments
To 06 June 2006

RECEIPTS	Total (£)
Property - Bubbenhall	287,000.00
Property - Curriers Close	347,500.00
Property - Broad Lane	487,500.00
Plant & Machinery	8,000.00
Office Furniture & Equipt	1,321.28
Motor Vehicles	8,500.00
Book Debts	184,037.01
Cash at Bank	3,045.73
Morgan Stanley Investment	224.92
Bank Interest Gross	19,097.88
VAT Refund	11,912.23
Sundry Refunds	10.00
Electricity Refund	760.97
VAT Outputs	34,268.72
	<hr/> 1,393,178.74 <hr/>
 PAYMENTS	
Wages / Salaries	7,525.08
P.A. Y.E. and NIC	5,743.37
Telephone charges	157.46
Legal Fees & Expenses	8,788.68
Agensst Fees and Expenses	8,730.00
Stamp Duty / Land Reg fee	9,070.00
Ground Rent Payable	76.79
Bank of Ireland plc	257,319.28
Legal Fees	1,775.00
Removal Forfeiture clause	7,450.00
Ground Rent/Land Reg Fees	6,652.62
less: RBS plc	285,466.24
Legal Fees	4,287.00
Ground Rent/Land Reg Fees	10,077.97
less: Nationwide BS	230,524.83
RBS Credit Card Liability	393.95
Specific Bond	1,840.00
Administrator's Fees	90,437.25
Administrator's Expenses	75.00
Agents/Valuers Fees	1,093.75
Quantity Surveyors Fee	3,000.00
Legal Fees (1)	26,035.23
Post Liquidation - C.Tax	1,266.82
Stationery and Postage	1,047.44
Travelling Expenses	108.40
Accountants Fee - Payroll	250.00
Statutory Advertising	377.50
Insurance of Assets	1,384.95
Council Tax payable	459.78
Rent & Service Charges	5,285.21
Holiday Pay claims	6,754.88
VAT Inputs	25,459.93
Vat Control Account	10,658.09
	<hr/> 1,019,572.50 <hr/>
Balances in Hand	373,606.24
	<hr/> 1,393,178.74 <hr/>

Daniel Lynch Limited (In Administration)

Summary of Office Holder's time costs as at 13 May 2006

Classification of work function	Hours					Average Hourly Rate £
	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	
Administration and planning Statutory Matters	21.55	105.05	2.5	13.3	142.4	151.52
Investigations	64.25	140.4	0	0	204.65	173.54
Realisation of Assets	55.95	94.7	1.5	0	152.15	177.09
Trading	0	10.1	0	0	10.1	150.00
Creditors	38.65	101.5	0	6.2	146.35	167.13
Case specific matters - Cashiering	0	1.7	1.4	15.4	18.5	84.43
Employees	1.75	5.2	0	21.6	28.55	97.85
Total hours	182.15	458.65	5.4	56.5	702.70	£162.75

Less: Amounts invoiced

Unbilled time costs as at 13 May 2006

Chargeout Rates

	2003	2004/2005
Partner	£200 per hour (£175 per hour to 01.07.2003)	225 per hour
Manager	£140 per hour	£150 per hour
Senior Administrator	£100 per hour	£110 per hour
Administrators	£ 80 per hour	£90 per hour
Compliance Manager	£ 70 per hour	£100 per hour
Senior Assistant	£60 per hour	£75 per hour
Senior Support Staff/ Senior Cashier/PA	£70 per hour	£80 per hour
Support Staff/Cashier/ Secretary	£60 per hour	£60 per hour

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Date of Appointment: 30 December 2004

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of Barrells Hall
Ullenhall
Henley in Arden
Warwickshire B95 5NQ