

Rule,2.117

Form 2.34B

The Insolvency Act 1986

Notice of move from administration to creditors' voluntary liquidation

2.34B

Name of Company: Town & Country Flooring (Norfolk) Limited	Company number: 01865509
In the: High Court of Justice, Chancery Division, Birmingham District Registry	Court case number: 9363 of 2008

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

I / We (a) W J Kelly of Begbies Traynor, 4th Floor, Newwater House, 11 Newhall Street, Birmingham, B3 3NY and J A Lowe of Begbies Traynor, 4th Floor, Newwater House, 11 Newhall Street, Birmingham, B3 3NY

(b) Insert name and address of registered office of company

having been appointed administrator(s) of (b) Town & Country Flooring Limited C/O 4th Floor, Newwater House, 11 Newhall Street, Birmingham, B3 3NY

(c) Insert date of appointment

on (c) 24 July 2008 by (d) the Directors

(d) Insert name of applicant / appointer

hereby give notice that:

the provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply,

(e) Insert name(s) and address(es) of liquidator(s)

and it is proposed that (e) W J Kelly of Begbies Traynor, 4th Floor, Newwater House, 11 Newhall Street, Birmingham, B3 3NY and J A Lowe of Begbies Traynor, 4th Floor, Newwater House, 11 Newhall Street, Birmingham, B3 3NY

will be the liquidator(s) of the Company (IP Number(s) 004857 / 009513)

I / We attach a copy of the final progress report.

Signed: _____

Joint Administrator(s)

Dated: 17 July 2009

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	
4 th Floor, Newwater House, 11 Newhall Street, Birmingham, B3 3NY	
	Tel Number: 0121 200 8150
Fax Number: 0121 200 8160	DX Number: N/A

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

153

WEDNESDAY

W John Kelly and John A Lowe appointed joint administrators on 24 July 2008

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents.

Town & Country Flooring (Norfolk) Limited

(In Administration)

Final Report of the joint administrators pursuant to Rules 2.47 and 2.110 of The Insolvency Rules 1986

Period: 24 January 2009 to 17 July 2009

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 2. Summary of administrators' proposals
 3. Joint administrators' time costs and expenses

1. COMPANY AND ADMINISTRATORS' DETAILS

Court:	High Court of Justice - Birmingham
Court reference number:	9363 of 2008
Company registered number:	01865509
Registered office address:	C/O Begbies Traynor, Newwater House, 11 Newhall Street, Birmingham, B3 3NY
Names of joint administrators:	W John Kelly of , 4th Floor, Newwater House, 11 Newhall Street, Birmingham, B3 3NY and John A Lowe of Begbies Traynor, Newwater House, 11 Newhall Street, Birmingham, B3 3NY
Date of administrators' appointment:	24 July 2008
Person(s) making appointment/application:	The Directors
Changes in office holder (if any):	Not Applicable
Acts of the joint administrators:	The joint 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.
Extensions to initial period of appointment (if any):	Not Applicable

2. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 24 July 2009 to 17 July 2009.

Leasehold Property

As previously reported, the Company's interest in the leasehold property was surrendered without incurring any significant holding costs.

Completed Contracts

Completed contracts had a book value of £656k and to date we have recovered £411.5k. In conjunction with our agents, we continue to chase outstanding debtors albeit we are aware of certain disputes and claims of setoff.

Tools, Office Furniture, Motor Vehicles and Stocks

Gross realisations relating to the sale of stock totalled £1.75k. We have received a large number successful retention of title claims and in addition, stocks held for the MoD contracts, were held on a consignment basis and were duly returned.

Gross realisations relating to tools and office furniture totalled £1.5k. The potentially high costs associated to holding, clearing and removing assets were a major constraint in achieving any significant recoveries.

All leased motor vehicles have been returned to the lease companies.

Preferential claims

Preferential claims, which will include employee arrears of wages and outstanding holiday pay, remain estimated at £22k.

Administrators' remuneration

As previously reported, the administrators' remuneration is based on hourly costs at scale rates calculated on the time properly spent in the course of the administration and was approved by the secured and preferential creditors pursuant to Rule 2.106 of the Insolvency Rules 1986.

Total remuneration drawn in accordance with the above approval amounts to £25k. Total time spent on this assignment amounts to 227.50 hours at an average composite rate of £170.96 per hour resulting in total time costs to date of £38,895. The following further information as regards time costs and expenses is set out at Appendix 3:

- ☐ Begbies Traynor policy for re-charging expenses
- ☐ Begbies Traynor charge-out rates
- ☐ Narrative summary of time costs incurred and summary by staff grade and work activity

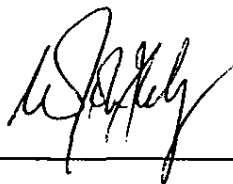
3. ADMINISTRATOR'S PROPOSALS

Attached at Appendix 2 is a summary of the joint administrators' proposals as deemed approved under Rule 2.33(5) of the Insolvency Rules 1986 in the absence of an initial meeting of creditors.

4. OUTCOME

As the Notice accompanying this report confirms, once registered by Companies House (which we anticipate shortly), our appointment as joint administrators will cease to have effect and the Company will be deemed to be subject to creditors' voluntary liquidation (with the former joint administrators acting in the capacity as joint liquidators) (Form 2.34 B)

Name:



Joint Administrator

Date:

17 July 2009

JOINT ADMINISTRATORS' ACCOUNT OF
RECEIPTS AND PAYMENTS,
INCORPORATING ESTIMATED OUTCOME
FOR CREDITORS

Period: 24 July 2008 to 17 July 2009

Estimated to realise per
Statement of Affairs £

	Receipts & Payments to date £	Anticipated Receipts & Payments £	Projected Outcome £
ASSETS SPECIFICALLY PLEDGED			
Not Applicable	-	-	-
Realisation Expenses			
Not Applicable	-	-	-
Net Realisations	-	-	-
Fixed Charge Holder - Bank of Scotland	-	-	-

	ASSETS NOT SPECIFICALLY PLEDGED			
SoA Not Provided	Contract Debtors - Completed	411,575	Unknown	411,575
SoA Not Provided	Plant & Tools	1,000	Nil	1,000
SoA Not Provided	Stock	1,750	Nil	1,750
SoA Not Provided	Furniture & Office Equipment	500	Nil	500
	Bank Interest	1,926	Unknown	1,926
<u>Unknown</u>		<u>416,751</u>	<u>Unknown</u>	<u>416,751</u>

Payments			
Administrator's Fees	(25,000)	Nil	(25,000)
Administrator's Disbursements	(662)	Nil	(662)
Retained Staff - Wages	(3,106)	Nil	(3,106)
Retained Staff - PAYE / NIC	(778)	Nil	(778)
Retained Staff - Expenses	(94)	Nil	(94)
Agent's Fees (Debtors)	(40,622)	(1,500)	(42,122)
Agents Fees (Plant, Stock etc)	(500)	Nil	(500)
Agents - Disbursements (Plant, Stock etc)	(341)	Nil	(341)
Insurance	(1,271)	Nil	(1,271)
Rent	(1,721)	Nil	(1,721)
Rates	(202)	Nil	(202)
Utilities	(30)	Nil	(30)
Statutory Advertising	(129)	Nil	(129)
Mail redirection	(25)	Nil	(25)
ERA Costs	(1,604)	Nil	(1,604)
Storage	(569)	Nil	(569)
Tac deducted at source (CIS)	(1,160)	Nil	(1,160)
Sundry Costs	(200)	(2,500)	(2,700)
Available for preferential creditors	<u>338,736</u>	<u>(4,000)</u>	<u>334,736</u>
Arrears of wages and holiday pay	-	(22,000)	(22,000)
Net property	<u>338,736</u>	<u>(26,000)</u>	<u>312,736</u>
Prescribed part of net property set aside for unsecured creditors	-	(65,547)	(65,547)
Available for floating charge holder	<u>338,736</u>	<u>Unknown</u>	<u>247,189</u>
Floating Charge Holder - Bank of Scotland	(150,000)	(1,831,000)	(1,831,000)
Floating Charge Holder - Croftdown Ltd	-	(930,000)	(930,000)
	<u>188,736</u>	<u>(2,761,000)</u>	<u>(2,513,811)</u>

Notes:

Summary of balances held:

Fixed charge	Not Applicable
Floating charge	188,736
	<u>188,736</u>

Held as:

Interest Bearing Current Account	178,912
Suspense Account Re: Pension	(472)
VAT	10,295
	<u>188,736</u>

Summary of outcome for unsecured creditors:

Prescribed part of net property set aside for unsecured creditors	65,547
Less: costs associated with prescribed part	(10,000)
Fixed / Floating Charge Creditor - Bank of Scotland	(1,583,811)

SUMMARY OF ADMINISTRATORS' PROPOSALS

Proposals deemed approved under Rule 2.33(5) of the Insolvency Rules 1986.

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in Paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above.

For the reasons set out in our report, we presently consider that it is not reasonably practicable to achieve the objective specified in subparagraph 3(1)(a), and consequently the most appropriate objective to pursue in this case is that specified in subparagraph 3(1)(b), namely 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).

We consider that this purpose has been achieved because the Company was under significant creditor pressure during the weeks leading up to the Administration and the protection of the Administration Order has meant that it was possible to conduct a controlled disposal of the Company's assets. This would not have been possible had the Company taken steps to place the Company into liquidation, as it is likely that creditors may have removed goods to protect their own position.

Working together with our agents, we will be able to maximise realisations for the unencumbered assets and the contract debtors.

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the Company's property. The principal matters to deal with in this respect are:

- Collect the outstanding contract debtors on the sales ledger
- Conclude all statutory duties

Creditors' Voluntary Liquidation

We confirm that we are of the opinion that a distribution will be made to the unsecured creditors of the Company¹.

However as administrators we do not have a general power to make a distribution to unsecured creditors and may only do so if the court gives permission. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 83 of Schedule B1 to the Act

¹ Insolvency Act 1986, Sch B1, para 83(1)

whereby on the registration of a notice sent to the Registrar of Companies, our appointment as administrators shall cease to have effect and the company will automatically be placed into creditors voluntary liquidation. Paragraph 83(7) provides:

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (b) if no person is nominated under paragraph (a), the administrator.

We confirm that as part of our proposals we seek nomination as liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditor's approval, with or without modification, of the administrators' proposals.

Dissolution

Notwithstanding the above, although on present information we consider that the exit route from the administration by way of dissolution is unlikely to become necessary, we propose to generally reserve this as an alternative exit route as part of the proposals. In the event the Company has insufficient property to enable a distribution to be made to unsecured creditors and it is in the administrators' opinion an efficient and effective means of bringing the administration proceedings to an end, we may, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we can implement the provisions of Paragraph 84 of Schedule B1 to the Act. Under these provisions, on the registration of a notice sent by us to the Registrar of Companies, our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the Company.

Extending the administration

Furthermore, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude the realisation of contract debtors (specifically the retention elements) falling due after the appointment anniversary. Yet Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on

which it takes effect. However, the administrator's term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding six months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further 6 months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

Section 176A Fund for Unsecured Creditors

Section 176A of the Act provides that, where the company has created a floating charge after 15 September 2003, the administrator must make a *prescribed part* of the company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realisation). The *prescribed part* is calculated by reference to a sliding scale as follows:

- 50% of the first £10,000 of *net property*;
- 20% of *net property* thereafter;
- Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part* if:

- the *net property* is less than £10,000 and he thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3))
or
- he applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

Rule 2.33 of the Rules requires that our proposals for achieving the purpose of the administration shall include, to the best of our knowledge and belief, an estimate of the value of the *prescribed part* and an estimate of the value of the Company's *net property*. Pursuant to Rule 2.33(3), however we consider it in the best interests of the creditors not to disclose such estimates at this time on the grounds that the disclosure could seriously prejudice the commercial interests of the Company.

On present information we confirm that it is not our intention to make an application to court under section 176A(5). However we reserve our position generally in this regard should circumstances materially change.

Administrators' Remuneration

The joint administrators propose to be remunerated on the basis of their hourly costs at scale rates calculated on the time properly spent in the course of the administration and that they may draw their remuneration on account as and when funds permit. The joint administrators also seek approval to re-charge expenses in line with their firm's policy.

Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. In the absence of a creditors' committee, details of time incurred and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies.

In the absence of an initial meeting of creditors (see section 8 Conclusion, below) and the establishment of a creditors' committee, the joint administrators' remuneration is fixed by the approval of the secured and preferential creditors in accordance with Rule 2.106 (5A).

JOINT ADMINISTRATORS' TIME COSTS AND EXPENSES

- a. Begbies Traynor policy for re-charging expenses;
- b. Begbies Traynor charge-out rates;
- c. Narrative summary of time costs incurred and summary by staff grade and work activity;

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 in Appendix 3.

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 in Appendix 3.

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

Best practice guidance classifies expenses into two broad categories:

- *Category 1 expenses (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 expenses (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 per meeting;
- Car mileage is charged at the rate of 40 pence per mile;
- Storage of books and records (when not chargeable as a *Category 1 expense*) is charged on the basis that the number of standard archive boxes held in storage

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales (Effective 1 April 2007)

² Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales (Effective 1 April 2007)

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;

- (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 expense*:

- 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 Birmingham office as at the date of this report are as follows:

Grade of staff	Charge-out Rate (£ per hour)
Partner 1	395
Director	325
Senior Manager	295
Manager	250
Assistant Manager	195
Senior Administrator	160
Administrator	130
Junior Administrator	100

Prior to 1 July 2009, the following rates applied:

Grade of staff	Charge-out Rate (£ per hour)
Partner	365
Senior Manager	210
Manager	180
Assistant Manager	140
Senior Administrator	115
Administrator	100
Junior Administrator	70

Prior to 10 January 2008, the following rates applied:

Grade of staff	Charge-out Rate (£ per hour)
Partner	305
Senior Manager	210
Manager	180
Assistant Manager	140
Senior Administrator	115
Administrator	100
Junior Administrator	70

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in units of 0.10 of an hour (i.e. 6 minute units).

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME: Town & Country Flooring (Norfolk) Limited

CASE TYPE: Administration

OFFICE HOLDERS: W John Kelly & John A Lowe

DATE OF APPOINTMENT: 24 July 2008

1 CASE OVERVIEW

- 1.1 This overview is intended to allow the body responsible for the approval of the office-holder's fees to view the quantum of those fees in the context of the case in question.
- 1.2 *Complexity of the case*
The case involved closing the site in Norfolk, making employees redundant, negotiating the sale of the assets, co-ordinating the collection of the outstanding book debts and dealing with the statutory duties of the Administration.
- 1.3 *The office-holder's effectiveness*
On appointment, we closed the branch and began disposing of stocks and other tangible assets. In conjunction with our specialist agents we focused on maximising the recoveries from the debtor ledger.
- 1.4 *Nature and value of property in question*
The principal assets of the Company were the contract debtors.
- 1.5 *Anticipated return to creditors*
It is anticipated that preferential creditors will be fully repaid and there ought to be a small return to unsecured creditors by virtue of prescribed part.
- 1.6 *Time costs analysis*
An analysis of time costs incurred is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average rate charged for each work type.
- 1.7 *Approval of fees*
It is the requirement of the secured creditors in this instance to agree our fees.
- 1.8 *Other professionals employed & their costs*
Assets were professionally valued by GVA Grimley who have experience in this industry and whose costs are reasonable. Solicitors engaged were Eversheds LLP, a local firm with relevant experience and reasonable costs.

2 EXPLANATION OF OFFICE-HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

- 2.1 Begbies Traynor's policy for re-charging expenses incurred by insolvency office-holders is set out in a separate accompanying note.
- 2.2 The rates charged by the various grades of staff who may work on a case are also set out in a separate accompanying note.

3 SUMMARY OF WORK CARRIED OUT

3.1 The following is a summary of the work carried out to date.

- All statutory duties of the Administrator;
- Dealing with interested parties enquiries, correspondence and telephone calls;
- Complete the sale of the assets;
- Dealing with creditor correspondence, emails and phone calls;
- Preparation of the administrators' final report;
- Preparing the case for conversion into Liquidation;

Town & Country Flooring (Norfolk) Limited
Time costs analysis for the period from 24 July 2008 to 17 July 2009

25,000