

The Insolvency Act 1986

Administrator's progress report

Name of Company

The Miracle Chair Company Limited

Company number

08086051

In the
High Court of Justice, Chancery Division, Leeds
District Registry

(full name of court)

Court case number
518 of 2015(a) Insert full
name(s) and
address(es) of
administrator(s)IAWe (a)
David Frederick Wilson
DFW Associates
29 Park Square West
Leeds
LS1 2PQ

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

From

To

(b) Insert date

(b) 16th June 2015

(b) 15th December 2015

Signed

Administrator

Dated

14th January 2016**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

David Frederick Wilson
DFW Associates
29 Park Square West
Leeds
LS1 2PQ

DX Number

0113907940
DX Exchange

TUESDAY



A34 15/03/2016 #51
COMPANIES HOUSE

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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

Progress report of the Administrator pursuant to Rule 2.47 of the Insolvency Rules 1986

David Frederick Wilson was appointed Administrator on 16th June 2015

THE MIRACLE CHAIR COMPANY LIMITED – IN ADMINISTRATION

Period 16th June 2015 to 15th December 2015

David Frederick Wilson is licensed to act as an Insolvency Practitioner in the United Kingdom by the Institute of Chartered Accountants in England and Wales

David Frederick Wilson has been appointed Administrator of The Miracle Chair Company Limited to manage the affairs, business and property as an agent without personal liability

The Miracle Chair Company Limited – In Administration

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1. Abbreviations

"the Act"	Insolvency Act 1986 (as amended)
"CVL"	Creditors' Voluntary Liquidation
"ADM"	Administration
"the Administrator"	D F Wilson
"the court"	High Court of Justice, Chancery Division, Leeds District Registry

2. Statutory Information

Company Name	The Miracle Chair Company Limited
Trading Name	The Miracle Chair Company
Former Registered Name	None
Trading activities	Specialised Design Activities
Company Number	08086051
Date of incorporation	28 th May 2012
Trading Address	8 St John Street, Manchester, M3 4DU
Registered office	29 Park Square West, Leeds, LS1 2PQ
Previous registered office	8 St John Street, Manchester, M3 4DU
Shares	12759 Shares at £0.01 each
Charge	A fixed and floating charge Debenture in favour of Mr Hugh Alexander Briggs

Directors	<u>Name</u>	<u>Appointed</u>	<u>Resigned</u>
	Hugh Alexander Briggs	3 rd May 2013	-
	Simon Freedman	3 rd May 2013	-
	Emma Freedman	28 th May 2012	-

3. Introduction

This report has been prepared to provide an update to creditors on the progress of the Administration of the company since my last report

Given the information previously provided to creditors in earlier reports, I have not included detailed background information in respect of the company and have focussed on the progress of the Administration subsequent to those reports

4. Details of Appointment of the Administrator

Name of Administrator	David Frederick Wilson, a Licenced Insolvency Practitioner of DFW Associates, 29 Park Square West, Leeds, LS1 2PQ
Date of Administrator's appointment	16 th June 2015
Court	High Court of Justice, Chancery Division, Leeds District Registry
Court Case Number	518 of 2015
Person making Appointment	Hugh Alexander Briggs – Holder of a qualifying floating charge
Acts of the Administrator	The Administrator acts as an officer of the court and as an agent of the Company without personal liability Any act required or authorised under an 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 Regulations	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

5. Statutory Purpose of the Administration

Paragraph 3 of Schedule B1 to the Act provides as follows

- 3 (1) The Administrator of a company must perform his functions with the objective of
- (a) Rescuing the company as a going concern, or
 - (b) 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), or
 - (c) Realising property in order to make a distribution to one or more secured or preferential creditors
- (2) Subject to sub-paragraph (4), the Administrator of a company must perform his functions in the interests of the company's creditors as a whole
- (3) The Administrator must perform his functions with the objective specified in sub-paragraph (1) (a) unless he thinks either –
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in sub-paragraph (1) (b) would achieve a better result for the company's creditors as a whole
- (4) The Administrator may perform his functions with the objective specified in sub-paragraph (1) (c) only if –

- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1) (a) and (b), and
- (b) he does not unnecessarily harm the interests of the creditors of the company as a whole

6. The Administrator's Proposals

I am required to set out my 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. A meeting of creditors was not held because of a statement contained in our proposals pursuant to paragraph 52 (1) (b) of schedule B1 to the Insolvency Act 1986 that the company has insufficient property to enable a distribution to unsecured creditors, otherwise than by virtue of section 176A of Act

For the reasons set out in the proposals, it was considered that it was reasonably practicable to achieve the objectives in sub-paragraph 3 (1) (b) and (c) namely a sale of the business as a going concern and 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)

Consequently, the Administrator has performed his functions in relation to the company with an objective set out in Paragraph 3 (b) which is to achieve a better result for creditors than would be obtained through an immediate Liquidation of the company

The Administrator's Proposals in order to achieve this objective which, as noted above, were approved by creditors, are as follows

- (i) The Administrator continues to manage the affairs and property of the Company in such manner as he considers, with a view to achieving the statutory purpose for which the company was placed into Administration
- (ii) If the Administrator considers it appropriate, he may apply to court under the provisions of Paragraph 76 (2) (A) of Schedule B1 to the Act for an order that his term of office be extended
- (iii) The Administrator be authorised to draw remuneration in accordance with the detailed analysis provided in accordance with Statement of Insolvency Practice 9
- (iv) The Administrators future costs be drawn on a time costs basis in accordance with the hourly charge out rates appended to this report
- (v) The Administrator be authorised to apply provisions at Paragraph 83 to Schedule B1 of the Act, enabling the Company to move from Administration to Creditors Voluntary Liquidation in the unlikely event of there being sufficient funds to distribute to unsecured creditors. It is proposed that the Administrator be appointed Liquidator. Creditors may nominate a different person as the proposed liquidator, provided that the nomination is made before the proposals are approved
- (vi) The Administrator be authorised to apply provisions at Paragraph 84 to Schedule B1 to the Act enabling the company to move from Administration to dissolution
- (vii) The Administrator be empowered by creditors to do all such things and generally exercise his power at the discretion he considers desirable or expedient in order to achieve the purposes of the Administration
- (viii) The legal fees of £2,724 50 plus VAT be paid to Clarion Solicitors for their pre-appointment time costs and disbursements
- (ix) That agent's fees of £1,035 plus VAT be paid to Winterhill Largo for their pre-appointment time costs and disbursements
- (x) The Administrator's fees of £6,337 50 plus VAT be paid for the pre-appointment time costs

Amendments to proposals

There have been no amendments to proposals

7. Progress during the Period

Following my appointment, it was my duty to obtain a full valuation of the company's assets. Winterhill Largo are a national firm of agents who assisted in valuing the main assets of the business, which in this instance was comprised mainly of goodwill and stock.

Sufficient time was afforded for potential purchasers to express an interest and a sale was agreed to Charon Investments Limited on 17th July 2015.

The company's position with regards to VAT, PAYE and corporation tax wasn't clear from the outset and much time and advice was sought in trying to recover a tax rebate on behalf of the company.

There are many individual creditors, due to the nature of the company's business most of which are neither familiar with the insolvency process or are aware of how to submit a claim. Therefore, significant time has been expended by the Administrator and his staff in attending to matters concerning individual creditors.

Attached at Appendix 1, is an abstract of receipts and payments for the period 16th June 2015 to 15th December 2015. I have detailed the issues below.

Receipts

Stock

The stock was held by various suppliers in the USA, China and the UK, a sale price was agreed at £9,996 and was sold to Charon Investments as a part of the sale on 17th July 2015.

Cash at Bank

The sum of £14,123.27 has been realised from Barclays Bank Plc and reflects the credit balance held in the bank account on the date of appointment.

Goodwill

The sum of £15,004 has been realised to date in respect of the goodwill of the company, sold as a part of the sale to Charon Investments Limited on 17th July 2015.

Bank Interest Gross

The sum of £3.78 has been received in interest payments from the company's Administration bank account held at RBS Bank.

Tax Refund

The sum of £4,933.56 has been received from HM Revenue & Customs in respect of a tax rebate.

VAT refund

The sum of £18,312.44 is due in respect of a VAT refund for the period prior to the Administration.

Payments

Specific Bond

Insolvency Risk Services have been paid the sum of £480 for their provision of the statutory bond.

Agent's Fees

In accordance with the Administrator's approved proposals, the sum of £1,500 has been paid to Winterhill Largo for their services in respect of their independent valuation.

Legal Fees

The sum of £4,300 has been paid to Gateley Plc, paid in accordance with the approved Administrator's proposals.

Statutory Advertising

Courts advertising have been paid the sum of £75 for assisting in the provision of the statutory adverts

8. Estimated Outcome for Creditors

Secured Creditor

An outstanding fixed and floating charge created 4th July 2014 and delivered 23rd July 2014 in favour of Mr Hugh Alexander Briggs (Charge code 0808 6051 0001)

Preferential Creditors

There are no creditors of the classification

Unsecured Creditors

The company's statement of affairs reflected unsecured creditors with a total of £860,473 To date, I have received claims of £39,836 20 Unfortunately, there have been insufficient asset realisations to allow a dividend distribution to unsecured creditors

Prescribed part for unsecured creditors pursuant to Section 176a of the Act

The prescribed part disapplies in this instance as the realisations to date, do not exceed the minimum limit necessary to consider making a dividend distribution in accordance with s 176a (IA 1986)

9. Administrator's Remuneration and Expenses

Pre-Administration Costs

In the period before the company entered Administration, the Administrator carried out pre-appointment work, the details of which were stated in the Proposals

The Administrator considers that the work has furthered the achievement of the objective of Administration being pursued, namely achieving a better result for the Company's creditors as a whole that would be likely if the company were wound up (without first being in Administration)

The Pre-Administration costs of £6,337 50 were paid in accordance to the resolutions set out in the proposals

Administrator's Remuneration

The Administrator's remuneration has been fixed by the time properly given by the Administrator and the various grades of staff calculated at the prevailing hourly charge out rates of DFW Associates in attending to matters arising in the Administration and I am authorised to draw disbursements, including disbursements for services provided (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with the firm's charging policy which is attached

The time costs for the period from 16th June 2015 to 15th December 2015 amount to £33,936 28 which represents 124 33 hours at an average hourly rate of £272 95 per hour Against this time a total of £28,264 50 has been drawn

The following information in relation to the time costs and disbursements is set out in the attachments

- Narrative summary of time costs in accordance with SIP 9
- Table of time spent and charge out value for the period
- DFW Associates charge out policy

Details of category 2 disbursements that have been taken in accordance with the approval obtained are provided in the narrative summary of time costs incurred, which is appended to this report

A copy of 'a creditors guide to Administration fees (E&W) 2011' which provides guidance on creditors rights on how to approve and monitor the Administrator's remuneration and on how remuneration is set, can be obtained by request

10. Assets that Remain to be Realised

Further reviews of the tax position of the company are still being carried out and further tax refunds may be received

11. Other Relevant Information

Exit Strategy from Administration

On present information I consider that the company will have insufficient property to enable a distribution to unsecured creditors

Consequently, as soon as I am satisfied that I have fully discharged my duties as an Administrator and that the purpose of the Administration has been fully achieved, I propose to implement the provisions of Paragraph 80 of Schedule B1 to the Act whereby on the registration of a notice sent by me to the court and registrar, my appointment as Administrator will cease to have effect, and the company will automatically go to dissolution

Director's Conduct

As detailed in the Administrator's statement of proposals, the Administrator has a duty to submit a report to the Department for Business Innovation and Skills on the conduct of the directors. The Administrator has complied with his duties in this respect

SIP 13 – transactions with connected parties

The Administrator is obliged to identify and investigate any transactions entered into by the company and any connected parties in the two years prior to their appointment. During my investigations I have not become aware of any transactions with connected parties

12. Conclusion

A further report will be sent in approximately six months' time or at the conclusion of the Administration, whichever is sooner

A handwritten signature in black ink, appearing to read 'D F Wilson', with a horizontal line extending from the end of the signature.

D F Wilson
Administrator

Date 15th December 2015

**The Miracle Chair Company Limited
(In Administration)**

**Income and Expenditure Account
16 June 2015 to 15 December 2015**

INCOME	Total (£)
Stock	9,996 00
Goodwill	15,004 00
Tax Refund	4,933 56
VAT Refund	18,312 44
Cash at Bank	14,123.27
Bank Interest Gross	3 78
	<hr/>
	62,373.05
	<hr/>
EXPENDITURE	
Specific Bond	480 00
Pre-appointment fees	6,337 50
Office Holders Fees	28,264 50
Office Holders Expenses	398 00
Agents/Valuers Fees	1,500 00
Legal Fees	4,300 00
Statutory Advertising	75 00
	<hr/>
	41,355.00
	<hr/>
Balance	21,018.05
	<hr/>
MADE UP AS FOLLOWS	
Vat Recervable	1,500 00
Bank Current Account	19,518 05
	<hr/>
	21,018.05
	<hr/>

Time Entry - SIP9 Time & Cost Summary + Cumulative

ADM0012 - The Miracle Chair Company Limited
Project Code POST
From 16/06/2015 To 15/12/2015

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)	Total Hours Cum (POST Only)	Total Time Costs Cum (POST Only)
Admin & Planning	52.20	0.00	0.00	2.50	54.70	17,327.50	316.77	54.70	17,327.50
Case Specific Matters	0.00	0.00	0.00	4.08	4.08	592.03	145.00	4.08	592.03
Creditors	14.60	0.00	0.00	24.65	39.25	8,319.25	211.98	39.25	8,319.25
Investigations	0.30	0.00	0.00	4.00	4.30	677.50	157.58	4.30	677.50
Realisation of Assets	21.60	0.00	0.00	0.00	21.60	7,020.00	325.00	21.60	7,020.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours / Costs	88.70	0.00	0.00	35.23	123.93	33,936.28	273.83	123.93	33,936.28
Total Fees Claimed						0.00			
Total Disbursements Claimed						0.00			

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	THE MIRACLE CHAIR COMPANY LIMITED
CASE TYPE	ADMINISTRATION
OFFICE HOLDER	DAVID FREDERICK WILSON
DATE OF APPOINTMENT	16 TH JUNE 2015

1 CASE OVERVIEW

This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

Complexity of the case

The company's tax and VAT position was difficult to assess from the outset and collating the necessary information to calculate the outstanding returns

Exceptional responsibilities

There were no exceptional responsibilities in this case

The office holders' effectiveness

The Administrator has complied with all of his statutory duties

Nature and value of property dealt with by the office holders'

There was insufficient asset realisations to consider a dividend distribution to unsecured creditors, even via s 176a (IA 1986)

Anticipated return to creditors

I can confirm that there will be insufficient asset realisations to enable a dividend distribution to unsecured creditors

Time costs analysis

An analysis of time costs incurred between 16th June 2015 to 15th December 2015 prepared in accordance with Statement of Insolvency Practice 9 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 hourly rate charged for each work type

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only

The views of the creditors

Many creditors have submitted unsecured claims via the proof of debt form

Approval of fees

The Administrator's fees were approved with the other proposals put to creditors

Approval of Expenses and Disbursements

As above

Other professionals employed & their costs

External agents have been required in this instance and have been paid in accordance with the Proposals

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

DFW Associates policy for charging fees and expenses incurred by office holders is attached

The rates charged by the various grades of staff who may work on a case

Shareholder	Holding Prior to Issuance on 11/12/2014	Percentage Prior to Issuance on 11/12/2014	Shares Issued on 11/12/2014	Value of Subscription	Holding After Issuance on 11/12/2014	Percentage After Issuance on 11/12/2014
Peter Brazier	672	4.2%			672	2.6%
Hugh Alexander Briggs	4,243	26.3%	2,106	200,000	6,349	24.8%
Geoffrey Gower Briggs	-	0.0%	210	20,000	210	0.8%
<i>MEMO NOTE</i>						
<i>Combined Hugh and Geoffrey Briggs Holdings</i>	4,243	26.3%			6,559	25.6%
Daniel Cox	161	1.0%			161	0.6%
Emma Harding	10,000	62.0%	842	80,000	10,842	42.4%
Tracey Huggett	440	2.7%			440	1.7%
Andrew Inglis	161	1.0%			161	0.6%
Ouncan Jennings	191	1.2%			191	0.7%
Kerlin O'Connor	255	1.6%			255	1.0%
60 Venture Founders Subscribers	-	0.0%	6,318	600,000	6,318	24.7%
Total	16,123	100.0%	9,476	900,000	25,599	100.0%

DFW Associates Charging Policy

Introduction

This note applies where a licenced insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on 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 a passing of the resolution for the office holder to be remunerated on a time cost basis. Best practice guidance 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 costs of facilities provided by the firm and where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest. Best practice guidance 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 the insolvent estate.

The office holder will delegate tasks to colleagues. Such delegation assists the office holder as it allows him/her to deal with the more difficult aspects of the case and ensures that work is allocated and completed at the appropriate level. There are various staff that are employed by the office holder and these appear below.

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

Expenses Incurred By Office Holder 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 outsourced to a third party. Once these items of expenditure are incurred they are immediately charged to the case.
- 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)

- Car Mileage is charged at a rate of 45p per mile
- Storage of books and records (when not chargeable as a category 1 disbursement)
- Expenses which should be treated as Category 2 disbursements (approval required) – in addition to the 2 categories referred to above, best practice guidance indicates that where payments are made to outside parties in which the office holder or his firm or any associate has an interest these should be treated as category 2 disbursements.

(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.

- Telephone and facsimile
- Printing and photocopying
- Stationery

DFW Charge-out Rates

Time is recorded in 6 minute units

Principal Associate	325
Senior Associate	185
Junior	145