

The Insolvency Act 1986

Administrator's progress report

2.24B

Name of Company BOTES INTERIORS LIMITED	Company number 02991774
In the High Court of Justice, Chancery Division (full name of court)	For court use only 6515 of 2015

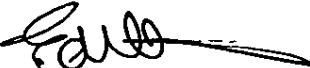
(a) Insert full name(s) and address(es) of administrators

I/We (a) Edwin D S Kirker of Kirker & Co, Centre 645, 2 Old Brompton Road, London, SW7 3DQ

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

(b) Insert date

From	To
(b) 5 April 2016	(b) 4 October 2016

Signed 
 Administrator

Dated 4 October 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

Kirker & Co
 Centre 645
 2 Old Brompton Road
 London
 SW7 3DQ

5030



A11 *A5HK41HT* #355
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 COMPANIES HOUSE

Completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff

**BOTES INTERIORS LIMITED
(IN ADMINISTRATION)**

ADMINISTRATOR'S FINAL PROGRESS REPORT

4 OCTOBER 2016

CONTENTS

- 1 Introduction
- 2 Background and Events leading up to Administration
- 3 Statutory Objectives
- 4 Administrator's Proposals
- 5 Progress to Date
- 6 Receipts & Payments and Estimated Outcome Statement
- 7 Administrator's Remuneration
- 8 Dividend Prospects
- 9 EC Regulation
- 10 Administrator's Investigations
- 11 End of Administration
- 12 Other Matters

APPENDICES

- 1 Appointment Details
- 2 Statutory Information
- 3 Administrator's Proposals
- 4 Receipts & Payments and Estimated Outcome Statement
- 5 Administrator's Time Costs

1. INTRODUCTION

- 1 1 I refer to my appointment as Administrator of Botes Interiors Limited on 5 October 2015 and, in accordance with Rule 2.47 of the Insolvency Rules 1986, present my Final Progress Report for the Administration
- 1 2 This report summarises the actions taken by me since my appointment to realise the assets for the benefit of the creditors and details the matters that remain outstanding
- 1 3 This report should be read in conjunction with the Administrator's Proposals dated 28 November 2015 and my Interim Progress Report of 4 April 2016
- 1 4 Details of my appointment appear in Appendix 1 and Statutory Information on the Company appears in Appendix 2

2. BACKGROUND & EVENTS LEADING TO THE ADMINISTRATION

- 2 1 The company specialised in commercial fit-outs, with some activity in the residential market. It traded profitably until 2014, in which year it incurred losses of £163,259. The losses were the result of cost overruns on a number of contracts and the consequent difficulty in agreeing final accounts.
- 2 2 Profitability seemed to be improving in 2015 until the company encountered further difficulties on contracts in Southampton and Cardiff. Matters came to a head in mid-September 2015 when the company was asked to start the next phase of the contract in Southampton. The directors were concerned that the company would be unable to fund the cost (estimated at over £1 million) while substantial amounts remained outstanding on this and other contracts. In their view, there was a serious risk that continuing to trade would result in greater losses for the creditors, than an Administration at that point.
- 2 6 After taking professional advice, they concluded that Administration was the correct course of action, notwithstanding that the company was only marginally insolvent on a balance sheet basis. Barclays Bank, as the charge holder, consented to the appointment and I was appointed Administrator by the High Court in London on 5 October 2015.

3. STATUTORY OBJECTIVES

- 3 1 Pursuant to paragraph 3 of Schedule B1 to the Insolvency Act 1986, the Administrator 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 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
- 3 2 The objective in this instance is (b), namely to achieve a better result for the Company creditors as a whole than would be likely if the Company had been wound up without first being in Administration.

4. ADMINISTRATOR'S PROPOSALS

- 4 1 The Meeting of Creditors to approve the Administrator's Proposals was held on 11 December 2015. One creditor attended the meeting and a further four creditors voted by proxy. At the meeting, the Administrator's proposals for achieving the purpose of the Administration were approved unanimously without modification.
- 4 2 In accordance with Rule 2.110(2)(a), a copy of the Proposals appears in Appendix 3. I can confirm that during the course of the Administration there have been no material amendments to or deviations from these proposals.

5 PROGRESS TO DATE

- 5 1 Following my appointment, I met with the director and management to secure the books and records. I completed my statutory duties in notifying all known stakeholders of my appointment and advertising the Administration in the London Gazette.
- 5 2 As previously advised, I decided to continue with two of the four contracts in progress at the date of Administration. These have been completed and the amounts due by the clients have been paid. The retentions will fall due for payment in early 2017.
- 5 3 According to the books and records, there were 12 contract debts totalling £511,000 at the date of my appointment that were written down to £441,000 for the purposes of the Administrator's Proposal. All of the debts are disputed, either in whole or in part at the date of my appointment. However, I have managed to collect four of the twelve debts in full and the amount collected (£172,812) appears in the Receipts & Payments section of Appendix 4.
- 5 4 Another debt was sent for adjudication and the Adjudicator awarded payment in full with costs. However, the client has refused to pay on the grounds that it is a company incorporated in the British Virgin Islands and it will therefore be impossible for me to pursue the debt. As the client owes over £300k on this and other contracts, it is clear that legal action to recover these debts is likely to prove prolonged and expensive. Fortunately, I have managed to find a solicitor who is willing to pursue the debts on a no win/no fee basis and legal proceedings are about to be issued on at least three debts. The provision of £45k in my Interim Progress Report for total legal costs remains unchanged for the moment.
- 5 5 The Administrator's Proposals included a provision of £264,000 to cover snagging and rectification on the contracts. Due to the disputed elements on all of the contracts, costs to date amount to £302,732 and I have provided a further £44k to complete the snagging on those contracts where settlements are being negotiated.
- 5 6 Due to the uncertainty surrounding the recoverability of the contract debts, it is difficult to estimate the amount that ultimately may be recovered. Consequently, the original estimate for the gross amount to be recovered remains unchanged.

6 RECEIPTS & PAYMENTS AND ESTIMATED OUTCOME STATEMENT

- 6 1 A Receipts & Payments Account with an Estimated Outcome Statement appears in Appendix 4. The realisations and expenses are self-explanatory. I am holding £58,777 in the Administration bank account and there is VAT of £14,930 to recover on the next VAT return.
- 6 2 On the basis of information to date, it appears that there could be a dividend for creditors. However, the position is almost totally dependent on recovering the amounts due from the client registered in the British Virgin Islands.

7. ADMINISTRATOR'S REMUNERATION

- 7 1 The creditors present at the meeting on 11 December 2015 agreed that in accordance with Rule 2 106 of the Insolvency (Amendment) Rules 2003, my remuneration should be fixed by reference to the time properly spent by me and my staff in attending to matters arising in the Administration
- 7 2 As previously reported, my time costs for the period from 5 October 2015 to 4 April 2016 (the date of my Interim Progress Report) amounted to £58,460 plus VAT for 280 hours of time in that period. Since then, my staff and I have spent another 89 hours at a cost of £16,055 bringing the total costs to date to £74,515. This is approximately half of the time spent in the first six months of the Administration and reflects the fact that my solicitor is doing a proportion of the work required in connection with debt collection
- 7 3 A breakdown of my time costs appears at Appendix 5. Most of the time since the date of the Interim Report has been spent on investigating counter-claims by debtors and preparing documentation for my solicitor in support of legal action. The remainder of the time has been spent on dealing with creditors claims, completing the statutory work and writing this report
- 7 3 As previously advised, the difficulties encountered with the contract debts were not unexpected and I had provided for total time costs of £95,000 in the Administrator's Proposals. While the actual time costs are less at this point, I expect to incur at least another £20,000 of costs while pursuing debtors in the forthcoming liquidation. Accordingly, the estimate for total fees remains unchanged
- 7 4 As noted in the Receipts & Payments Account, I have not drawn any fees to date as I wish to preserve funds for any legal costs that may be incurred
- 7 5 As required by my licensing body, a copy of 'A Creditors' Guide to Administrators' Fees' was included in the Proposals. Further copies are available upon request

8. DIVIDEND PROSPECTS

- 8 1 Barclays Bank held a fixed and floating charge over the assets but they were not owed anything at the date of Administration. I am not aware of any other secured creditors in the Administration and none are expected
- 8 2 Preferential claims are limited to arrears of pay and holiday pay outstanding to former employees. The employees were paid up to the date of Administration and preferential claims were limited to holiday pay. Claims were submitted to the Redundancy Payments Service (RPS) and they have confirmed total claims of £3,446, which is slightly less than previously provided
- 8 3 Claims for pay in lieu of notice and redundancy rank as unsecured claims in the Administration. Given that the company has been trading for 13 years under the current ownership and most of the employees are long-serving, the entitlements were expected to be substantial. In the event, the RPS has confirmed a claim of £45,125 as compared to the £50,000 previously provided
- 8 4 Trade creditors were estimated in the Statement of Affairs at £896,064. There is also £11,965 owing to HMRC for PAYE. There could be a VAT refund due to the company but this will be offset against other Crown debts. Total unsecured claims are now expected to be in the region of £953,000

8 5 I anticipate that some creditors will disagree with the amounts in the Company's books and I expect the total to change, as claims are reconciled. However, on the basis that total claims remain at or around the current level, and that realisations are in line with expectations, there could be a dividend of approximately 19 pence in the £ for creditors after the costs and expenses of the Administration are taken into account.

8 6 Once the total realisations are known, it will take six to nine months to complete the statutory formalities and agree claims, after which the dividend will be distributed. Meanwhile, any creditor who has not yet claimed VAT Bad Debt Relief on their claim should do so, as this effectively recovers 20p in the £ immediately and increases the total expected recovery to around 40p in the £.

9. EC REGULATION

9 1 EC Regulations apply and these proceedings are main proceedings as defined in Article 3 of the EC Regulation. The centre of main interest of the Company is in England within the EC.

10 ADMINISTRATOR'S INVESTIGATIONS

10 1 Under the insolvency legislation, I have a duty to consider the conduct of those who have been directors of the Company at any time within three years preceding the Administration. I am also required to consider whether any civil proceedings should be taken. A report has been submitted to the relevant authorities who are considering the contents. The report is not on the public record and I am therefore unable to comment further.

11. END OF THE ADMINISTRATION

11 1 As a dividend is still anticipated for unsecured creditors, I have filed Form 2 34B "Notice of Move from Administration to Creditors' Voluntary Liquidation" at Companies House. As a result the Administration has now ended and the Liquidation will commence on the date the form is accepted by the Registrar of Companies.

11 2 In accordance with the resolution passed by the creditors at the initial meeting held pursuant to paragraph 49 of Schedule B1 of the Act, the Administrator's release from liability will take effect 14 days following the Company entering into Liquidation.

12 FURTHER INFORMATION

12 1 Should you require any further queries in respect of this Administration, please do not hesitate to contact me, preferably by email on edwin@kirker.co.uk.

Yours faithfully



**Edwin Kirker
Administrator**

Please note that the Administrator and his staff act as agents of the Company and without personal liability at all times.

Edwin Kirker is licensed by Chartered Accountants Ireland.

APPENDIX 1

APPOINTMENT DETAILS

Name of Administrator:	Edwin D S Kirker
Address of Administrator:	Kirker & Co Centre 645 2 Old Brompton Road London SW7 3DQ
Date of appointment:	5 October 2015
Appointed by:	Mr Simon Botes (Director)
Court:	High Court of Justice, Chancery Division, London
Court reference:	6515 of 2015
Date of Proposals.	28 November 2015

APPENDIX 2

STATUTORY INFORMATION

Company Name	Botes Interiors Limited
Previous Names	Newco Limited (to 23/01/2003)
Company Number	02991774
Date of Incorporation	18 November 1994
Trading Address	Unit 12, 37 Tanner Street London SE1 3LF
Registered Office	c/o Kirker & Co Centre 645,2 Old Brompton Road London SW7 3DQ
Previous Registered Office	Unit 12, 37 Tanner Street London SE1 3LF
Principal Activity	Interior Fit-Outs

Directors and Shareholders

Company Directors	Simon Botes
Company Secretary	Paul Fletcher
Shareholders	Simon Botes – 100%

Summary of charges

Description	Person entitled	Created	Registered
Fixed and Floating Charge	Barclays Bank	7 March 2003	10 March 2003
Rent Deposit Deed	Bridge Start Properties Limited	4 June 1998	6 June 1998

APPENDIX 3

ADMINISTRATOR'S PROPOSALS

Statement of Administrator's Proposals pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986

In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 (the Act) and The Insolvency Rules 1986 (the Rules), I Edwin Kirker, the Administrator of Botes Interiors Limited (the Company), makes the following Proposals for achieving the purpose of the Administration

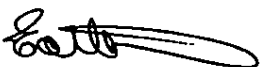
These Proposals and the attached report to creditors together set out the information required by and discharge the Administrators' duty pursuant to Paragraph 49 of Schedule B1 of the Act and Rule 2.33 of the Rules

Proposals

The Administrator proposes that

- (a) He continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration such that
 - (i) he disposes of the Company's ownership of such assets at such time(s) on such terms as he considers expedient
 - (ii) he investigates and, if appropriate, pursues any claims that the Company may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company which supplies or has supplied goods or services to the Company, and
 - (iii) in addition, he does all such things and generally exercise all his powers as Administrator as in his discretion he considers desirable or expedient in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these Proposals
- (b) In the event that the Administrator is of the view that it is appropriate for the Company to move from Administration into a Company Voluntary Arrangement (CVA), or Liquidation, whether compulsory or voluntary, the Administrator be authorised to take steps to place the Company into whichever process he deems appropriate. In either circumstance, it is proposed that the Administrator takes the appointment as Supervisor of a CVA or Liquidator of the Company. In relation to moving into Creditors' Voluntary Liquidation, and in accordance with Paragraph 83(7) and Rule 2.117 (3), creditors may nominate a different person as the proposed Supervisor or Liquidator, provided that the nomination is made after the receipt of the Proposals and before 12 noon on 10 December 2015
- (c) If the Administrator considers that there is no prospect of future realisations, and there will be no distribution to unsecured creditors (apart from the Prescribed Part, if any), and if he also considers that an exit from the Administration into Compulsory Liquidation is not appropriate, then the Administrator be authorised to take the necessary procedural steps to bring about the end of the Administration and move the Company into dissolution pursuant to Paragraph 84 of Schedule B1 to the Act

- (d) The Administration shall continue (subject to the statutory provisions relating to automatic termination) until the realisable assets of the Company have been realised and all liabilities incurred during the Administration have been discharged or until such a time as deemed appropriate by the Administrator. At this stage the Company shall be dissolved or placed into Liquidation as outlined above. If necessary, the Administrator will propose to seek an extension of his appointment as Administrator from the creditors and/or the Court pursuant to Paragraph 76 of Schedule B1 to the Act.
- (e) Upon the Company either proceeding into Creditors Voluntary Liquidation or dissolution as set out above, the Administrator's discharge from liability, pursuant to Paragraph 98 of Schedule B1 shall take effect 14 days following either the Company entering into Liquidation or filing the notice of moving from Administration to dissolution.
- (f) The Administrator be at liberty to incur and pay such costs and expenses, including professional fees, as considered to be incidental to the achievement of the purpose of the Administration or for the purposes set out herein or to the Administrator's statutory duties. The Administrator proposes to be remunerated by reference to time properly spent both for his services as Administrator and also for his staff in attending to the matters arising in the Administration of the Company, charged at the charge out rates prevailing at the time the work is undertaken. The Administrators' remuneration will be agreed by the Creditors' Committee or in the event that no Committee is formed by creditors, by a meeting of creditors.
- (g) Kirker & Co's costs and expenses relating to planning and acceptance of the appointment be treated as an expense of the Administration (albeit incurred prior to the date of appointment) and calculated by reference to the charge out rates prevailing at the time the work is undertaken.
- (h) Kirker & Co's costs and expenses relating to any matters undertaken prior to the appointment of the Administrator that would normally be incurred by the Administrator following his appointment including but not limited to negotiations with interested parties be treated as an expense of the Administration and calculated by reference to the charge out rates prevailing at the time the work is undertaken.
- (i) The Administrator be at liberty to recharge disbursements as detailed in the circulated Creditor's Guide to Administrators' Fees. Costs are to be charged as follows
- Mileage 45p per mile
 - Administrator's Bond At cost
 - Statutory Advertising At cost
- (j) The Administrator be at liberty to pay costs and remuneration in relation to Proposals (f), (g), (h) and (i) above as and when funds become available.
- (k) The Administrator consult with the creditors' committee, if formed, at appropriate intervals concerning the conduct of the Administration and the implementation and development of these Proposals and where they consider it expedient obtain the sanction of that committee on behalf of the creditors of the Company (and without further reference to them) to any proposed action on the part of the Administrator.



Edwin Kirker
Administrator

Botes interiors Limited (In Administration)
Administrator's Final Report
4 October 2016

APPENDIX 4

BOTES INTERIORS LIMITED (IN ADMINISTRATION)
ESTIMATED OUTCOME STATEMENT AS AT 4 OCTOBER 2016

	Statement of Affairs Estimate £	Receipts & Payments to Date £	To be Realised £	Total Realisations Expected £
Assets				
Contract Debtors and Retentions	510 888	172,812	268,556	441,368
Work in Progress	217 830	0	21,000	21,000
Office Fixtures & Fittings	434	0	0	0
Cash at Bank on Appointment	250 397	250,788	0	250,788
Bank Interest	0	141	0	141
	<u>979,549</u>	<u>423,741</u>	<u>289,556</u>	<u>713,297</u>
Administration Costs				
Contract Snagging & Rectification		302,732	43,823	346,555
Legal Fees - Appointment		6,057	0	6,057
Statutory Advertising & Bonding		975	0	975
Rent, Rates & Insurances		16,077	0	16,077
Utilities, Telephones & IT		4,095	0	4,095
Book-keeping & Accounting		0	3,000	3,000
Removals and Document Storage		48	2,500	2,548
Valuation Fees		1,750	0	1,750
Legal fees - Contract debts		18,300	26,600	44,900
Administration Expenses		0	5,000	5,000
Administrator's Fees		0	95,000	95,000
Administrator's VAT		14,930	(14,930)	0
		<u>364,964</u>	<u>160,993</u>	<u>525,957</u>
Net Realisations		58,777	128,563	187,340
Preferential Creditors - Arrears of Pay & Hol Pay		0	3,446	3,446
Surplus as regards Preferential Creditors		<u>58,777</u>	<u>125,117</u>	<u>183,894</u>
Unsecured Creditors				
Trade & Expense Creditors		0	896 064	896,064
Employees - Bal of Arrears, Hol Pay, PLN & Redundancy		0	45 125	45,125
HMRC - VAT		0	0	0
HMRC - PAYE		0	11 965	11,965
		<u>0</u>	<u>953,154</u>	<u>953,154</u>
Surplus/(Deficit) as regards Preferential & Unsecured Creditors		<u>58,777</u>	<u>(828,037)</u>	<u>(769,260)</u>
Estimated Dividend for Unsecured Creditors - Pence in the £				<u>19 29</u>

APPENDIX 5

ADMINISTRATOR'S TIME COSTS SUMMARY

1 Overview of Case

1.1 Appointment

The Administrator was appointed on 5 October 2015 by the director

1.2 Strategy

Please see main body of the report

1.3 Staffing

Staff have been used on the assignment based upon previous knowledge and experience

1.4 Existing fee arrangements

There have been no resolutions to date

1.5 Anticipated return to creditors

It is anticipated that there will be a dividend for preferential and unsecured creditors

2 Explanation of office-holders charging and disbursement recovery policies

2.1 Time recording

Time properly incurred on cases is charged to the assignment at the hourly rate prevailing at the time. The current hourly charge out rates, covering the whole period, appear below

	£
Partner	295
Manager	195
Assistant	125

2.2 Disbursements recovery

Separate charges are made in respect of directly attributable expenses (Category 1 disbursements) such as travelling (45p/£), post and bonding (at cost). General overheads such as office print and stationery (Category 2 disbursements) are included in the charge-out rates and are not recharged.

3 Description of work carried out

Section 4 of this appendix outlines the time costs to date in relation to activities undertaken during this matter. These activities can be summarised as follows

3.1 Pre-appointment

Time spent in this category comprises the activities required to place the Company into administration

3.2 Administration and planning

The following activities have been undertaken

- Statutory duties associated with the appointment including the filing of relevant notices

- Notification of the appointment to creditors, members, employees and other interested parties
- Setting up case files
- Reviewing available information to determine appropriate strategy, and
- Setting up and maintaining bank accounts

3.3 Realisation of assets

Please see the main body of the report for details on the assets realised

3.4 Creditors

The time spent includes the following matters

- Correspondence with creditors
- Recording and maintaining the list of creditors
- Dealing with employee related matters
- Recording creditor claims
- Dealing with creditor queries, and
- Reviewing and evaluating creditor claims

4 Time and charge-out summary

To date a total of 369 hours have been spent to 4 October 2016 at an average charge out rate of £202 per hour, bringing the total cost to date to £74,515

Classification of work function	Partner Hours (£295 per hr)	Manager Hours (£195 per hr)	Assistant Hours (£125 per hr)		Total Hours	Time Cost £	Average hourly rate £
Administration and planning	39	0	12		51	13005	255 00
Investigations	16	0	22		38	7470	0
Realisation of assets	93	0	102		195	40185	206 08
Trading	0	0	0		0	0	0
Creditors & Employees	19	0	66		85	13855	163 00
Case specific matters (Specify)	0	0	0		0	0	0
Total hours	167	0	202		369		
Total fees claimed (£)	49265	0	25250			74515	

The above costs exclude VAT

5 Disbursements

Direct expenses (Category 1 disbursements) paid to date amount to £900 for the Administrator's Bond and £75 for statutory advertising. As noted above, we do not recharge Category 2 disbursements.

6 Supporting Documentation

Supporting documentation appears at Appendices 1 to 5 and includes the information listed in the Contents on page 2 of this Report.