

The Insolvency Act 1986

# Administrator's progress report

Name of Company <b>Cathedral Interiors Limited</b>	Company number <b>04914634</b>
In the <b>Lincoln County Court</b> <small>[full name of court]</small>	Court case number <b>38 of 2012</b>

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

+/ We (a) John William Butler and Andrew James Nichols of Redman Nichols Butler, Maclaren House, Skerne Road, Driffield, East Yorkshire, YO25 6PN

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

from

to

(b) Insert dates

(b) 23 August 2012

(b) 4 December 2012

Signed *John Butler*  
Joint / Administrator(s)

Dated 31/12/12

THURSDAY



A40 03/01/2013 #15  
COMPANIES HOUSE

## **In the Lincoln District Registry**

**Case No 38 of 2012**

### **Cathedral Interiors Limited - in administration**

#### **Administrators' final progress report from 23 February 2012 to 22 August 2012 and to 23 August to 4 December 2012.**

I, John William Butler and my partner Andrew James Nichols, both of Redman Nichols Butler, Maclaren House, Skerne Road, Driffield, East Yorkshire were appointed joint administrators of Cathedral Interiors Limited ("the company") with effect from 23 February 2012 following an application by the director of the company and ceased to act (save for sundry administrative closing duties in the administration case) upon appointment as liquidators on 5 December 2012.

The administrators acted jointly or alone

No extensions to the initial period of our appointment were sought

As stated, I, John William Butler and my partner, Andrew James Nichols, both of Redman Nichols Butler, Maclaren House, Skerne Road, Driffield, East Yorkshire were appointed joint liquidators of Cathedral Interiors Limited ("the company") with effect from 5 December 2012 following the filing of form 2 34 (copy enclosed) in accordance with paragraph 83 of Schedule B1 of the Insolvency Act, 1986 which is the procedure for conversion to creditors' voluntary liquidation from administration

The registered office and trading address of the company was Unit 9 Five Mile Business Park, Five Mile Lane, Washingborough, Lincoln, LN4 1AF was changed to my Driffield office for the sake of these proceedings

#### **Receipts and payments account**

A summary of our receipts and payments in the six month period to 23 February 2012 to 22 August 2012 and 23 August 2012 to 4 December 2012 is attached to this report. The account also provides details of transactions during the whole period of the administration

#### **Post appointment-trading/ Asset realisations report**

Trading the company was a determining factor in decision of the directors to first place the company into administration as opposed to placing it directly into liquidation. This provided the company with the protection of a moratorium whilst completing the outstanding works in an orderly manner and maximized the recoveries of the monies due to the company

To date, the majority of the company's former customers have sought to engage with the administrators and their representatives with a view to reaching commercial settlements

on the outstanding monies due to the company This has involved a significant amount of work but several customers have paid the monies due in advance of the due date

Prior to my appointment, the company was engaged on a substantial number of projects for McDonalds Despite the best efforts of the quantity surveyor engaged by the administrators to achieve a settlement, it is disappointing to report that McDonalds has, since the date of administration, steadfastly refused or neglected to pay any monies whatsoever, for any completed jobs.

If McDonalds were to pay the monies due this would enhance the returns for the general body of creditors Unfortunately for creditors, many of whom worked as subcontractors on the McDonalds jobs, McDonalds have raised counterclaims in respect of the works making it problematic for the administrators to progress and close this aspect of the case.

The negotiations with McDonalds are on-going, however, McDonalds have raised counter-claims which offset the monies due to the Company. It is interesting to note that the majority of the company's former customers have not disputed payment or the balance due

### Asset realisations

My work in dealing with the realisation of the assets of the company can be summarised as follows:-

Asset	What was estimated in the director's statement of affairs as to what amount was estimated to realise (£)	Actual realisations in the case to date (£)	Comments
Trade debtors	110,810	42,671	Monies received after appointment  Upon my appointment, I have instructed Impact Outsource Credit Control Limited per its contracted Quantity Surveyor, Richard Brown to assist the administrators in discharging duties generally and in settling final, accounts and recovering and settling retentions and this process continues Sandersons solicitors are also assisting with recovery of some of the book debts
Work in progress	1,692	nil	Work to be completed at date of administration
Cash in hand	130	80,392	Monies held at or about the date of administration received from book debtors handed over by the directors
Cash at bank	131,546	134,266	Monies received from the company's bankers

Corporation tax refund	66,397	64,777	The administrators worked with the company's accountants to recover this amount
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### **Purpose of administration/ Was it achieved?**

Creditors will recall that the purpose of an administration is one of the following -

- To rescue the Company as a going concern, or,
- To achieve a better result for the Company's Creditors as a whole than would be likely if the Company were to be wound up (without first being in Administration ); or
- To realise property in order to make a distribution to one or more secured or preferential creditors.

In this case, in our view, for the reasons above concerning trading, although we have not been able to rescue the company as a going concern, administrators have achieved the second purpose which is to achieve a better result for the company's creditors as a whole than would have been likely if the company had first been wound up (without first being in administration ) In addition, property has been realised to make a distribution to one or more secured or preferential creditors. In this case, preferential creditors were paid in full the sum of £5,795.

### **Investigations into the affairs of the company**

My investigations in this regard will continue in the capacity of liquidator If any creditors have any concerns they should report it unless they have raised these concerns already.

### **The prescribed part**

The provisions of Section 176A of The Insolvency Act 1986 relating to a prescribed part are not relevant in these proceedings as although there are floating charges created after 15 September 2003, there is no indebtedness to either charge holder.

### **Dividend prospects for preferential unsecured creditors**

I paid preferential creditors in full, £5,795 comprising holiday pay entitlement on date of administration

### **Dividend prospects for non-preferential unsecured creditors**

There is a good prospect of a distribution to the non-preferential unsecured creditors though it is not the administrator's duty to agree claims. Since there are sufficient funds, the company has now proceeded into liquidation and this is the administrator's final report

### **Agreement of creditors' claims**

In an administration, the administrator has a statutory duty to agree and admit only preferential creditors' claims and pay dividends on them which duty has been discharged

The administrator does not have a duty to agree and admit non preferential unsecured creditors' claims and pay dividends on them in an administration, unless the court orders otherwise

### **Company position following the administration**

It was always intended that the company would move into liquidation for the reasons stated above and this happened on 5 December 2012.

### **Statement of Insolvency Practice 13 – Acquisition of assets of insolvent companies by directors**

Statement of Insolvency Practice 13 provides that I am required to disclose to creditors and members at the first available opportunity after my appointment any transactions with connected parties made after my appointment

In this case, I am not aware of any matters in this category though I am aware that prior to my appointment, the chattel assets and stock of the company were sold to Cathedral Joinery Manufacturing Limited which is a company with directors and shareholders connected to the directors and shareholders of Cathedral Interiors Limited. The assets were valued by Michael Baitson of Gilbert Baitson, auctioneers and valuers. The purchase price was £10,000 plus VAT. At the date of my appointment £9,000 was owed in respect of the sale of assets. These monies have been paid in full.

### **Company Directors Disqualification Act 1986**

I have complied with my duties under the provisions of the Company Directors Disqualification Act 1986. However, I am not able to disclose to creditors the content of my report

### **Creditors' Committee**

A creditors' committee has not been appointed in this case

### ***Statement of Insolvency Practice 9 – Remuneration of insolvency office holders***

Statement of Insolvency Practice 9 provides that we are required to disclose to creditors our firm's time costs to date, together with an analysis of the types of work that we have undertaken in administering this case

In addition, we are required to disclose how much has been drawn by our firm from estate funds in respect of remuneration and on what basis these sums were drawn as well as who and when these sums were sanctioned. We are also required to advise creditors what expenses have been recovered from the administration estate. Category 1 expenses

are expenses directly attributable to the case and Category 2 disbursements are directly referable to the insolvent estate in question but the payment is not to an independent third party.

### ***Our firm's current charge out rates***

Our firm's current charge out rates are as follows:-

<b>Grade</b>	<b>Rate (£) from 1 April 2010</b>	<b>Rate (£) from 1 May 2011</b>
Partner	280	280
Senior Manager	230	250
Manager	205	230
Assistant Manager	175	205
Administrator	155	155
Support staff	90	90

### ***Pre Administration Order costs***

As already reported, our firm's costs in assisting the directors prior to the company entering administration were approved by creditors at a meeting of creditors on 3 May 2012 and I have drawn £2,630. Legal fees for Sandersons of £550 have also been paid for assisting the directors to put the company into administration

### ***Our firm's time costs to date in administering this case and an estimated analysis of the types of work carried out on it***

Our firm's time costs for the 1<sup>st</sup> six month period, 23 February 2012 to 22 August 2012, based on time costs at our usual rates in dealing with the proper administration of this case, and for the 2<sup>nd</sup> period, 23 August 2012 to 4 December 2012, total £8,026. The total from date of appointment to 28 December 2012 is £43,088. An estimated analysis by reference to the types of work carried out on this administration can be found on the attached schedule together with a guide to fees and expenses of Redman Nichols Butler.

The description of the types of work involved in each category is detailed below

- Administration and Planning – Includes dealing with all statutory matters required by legislation and professional guidelines including periodic returns and reports, internal case review and case progression matters including planning, set-up and maintenance of records
- Realisation of Assets – Includes dealing with agents regarding the realisation of the Company assets as well as obtaining valuations of any assets and the collection of assets
- Investigation – Review of the Company records and the general investigation required towards the submission of returns pursuant to the Company Directors Disqualification Act 1986

- Trading – Communication with employees, suppliers and customers and monitoring the ongoing trading position
- Creditors – General communication, receipt and agreement of claims.

***Funds drawn to date on account of remuneration***

To date we have drawn £43,088 on account of our firm's remuneration

***Basis of amount of administrators' remuneration, who agreed that basis and when***

The administrators' proposals, which were approved on 3 May 2012 by creditors in accordance with Rule 2 106 of the Insolvency Rules, 1986 provide for the administrators' remuneration to be based on our firm's time costs

***Creditors' request for further information***

Rule 2 48A of the Insolvency Rules 1986 states that, within 21 days of receipt of this progress report -

- i) a secured creditor, or
- ii) a unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or

with the permission of the court upon an application made within the 21 days any unsecured creditor may make a request in writing to the liquidator for further information about remuneration or expenses set out in the draft report.

The administration must, within 14 days of receipt of the request, respond accordingly

***Right of challenge***

If a creditor believes that the office holders' remuneration is, in all the circumstances excessive, the basis inappropriate, or the expenses incurred by the office holder are, in all the circumstances, excessive he may, provided certain conditions are met, apply to the court.

The application to court may be made by:

- Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the court

The application must, subject to any order of the court, be made no later than 8 weeks, after receipt by the applicant of this progress report

***Administrator's/Redman Nichols Butler expenses***

To date we have recovered £1,140 in respect of Category 1 expenses and category 2 expenses and these are detailed on the attached schedule.

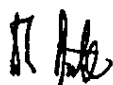
*Professionals engaged to assist the administrators to carry out their duties*

<i>Firm</i>	<i>Fees paid to date (£)</i>	<i>Basis of those fees</i>	<i>Brief description of work carried out</i>	<i>Basis of review of reasonableness of fees</i>
Sandersons	590	Time cost basis plus expenses	Collection of book debts	verified
Impact Outsource Credit Control Limited per its contracted Quantity Surveyor, Richard Brown ,	14,811	Time cost	To assist the administrators in discharging duties generally and in settling final accounts and recovering and settling retentions	verified,
Wright Vigar	10,820	Time costs	To assist the administrators with the preparation of financial information, accounts to date, all outstanding returns, liaising with the director in respect of the statement of affairs including obtaining details of the company's assets and details of the Company's liabilities and in respect of corporation tax refund	verified

**Conclusion**

The administration of the company has terminated and the liquidation has commenced save for some administrative closing and opening procedures. Creditors will be advised as the liquidation case progresses. All claims sent in already in the administration case will be used in the liquidation case though if any creditor has not yet submitted a claim, then please submit a completed claim form and supporting invoices / evidence of the claim.

If any creditor requires any further information regarding this matter they should not hesitate to contact us.



J W Butler  
Joint Administrator

29 December 2012



## Cathedral Interiors Limited - in administration

Final receipts and payments account from 23 February 2012 to 22 August 2012 and 23 August 2012 to  
4 December 2012

	23 February 2012 to 22 August 2012	23 August 2012 to 4 December 2012	Total to date
	£	£	£
<b>Receipts</b>			
Cash in hand	80,592	0	80,592
Cash at bank	0	134,266	134,266
Corporation tax refund	0	64,777	64,777
Sundry refund	0	53	53
Book debt recoveries	0	42,471	42,471
Bank interest	0	385	385
<b>Total receipts</b>	<b>80,592</b>	<b>241,952</b>	<b>322,545</b>
<b>Costs and expenses</b>			
Dividend to preferential creditors	0	5,795	5,795
Wages paid	3,139	0	3,139
Accountancy costs	5,000	5,820	10,820
Agent's costs	0	400	400
Quantity Surveyor - Impact OCC per its QS Richard Brown	4,335	10,476	14,811
Payment received in error	0	166	166
D Kavanagh - assistance and expenses	145	206	350
Delivery charges	0	55	55
Office holders' remuneration	0	43,088	43,088
Office holders' expenses	0	1,140	1,140
Pre-administration costs - Redman Nichols Butler	0	2,630	2,630
Pre-administration expenses - Redman Nichols Butler	0	4	4
Legal costs - Sandersons	0	1,140	1,140
Insurance - Willis	0	321	321
PAYE & NIC paid	0	2,960	2,960
<b>Total costs and expenses of liquidation</b>	<b>12,618</b>	<b>68,406</b>	<b>86,819</b>
<b>Balance available to date</b>	<b>67,974</b>	<b>173,547</b>	<b>235,726</b>

**Redman Nichóls****TIME & CHARGEOUT SUMMARIES**

Cathedral Interiors Ltd

From 23 Aug 2012 to 4 Dec 2012

HOURS							
Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	2 50	2 00	2 85	0 97	8 32	1,831 25	220 19
Investigations	6 38	4 00	0 00	0 00	10 38	2,707 32	260 74
Realisation of Assets	2 25	2 00	0 00	0 00	4 25	1,090 00	256 47
Creditors	0 00	4 42	6 08	1 50	12 00	2,397 92	199 83
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Fees Claimed £	3,117 32	2,855 84	1,831 33	222 00		8,026 49	
Total Hours	11 13	12 42	8 93	2 47	34 95		
Average Rate	280 00	230 00	205 00	90 00			

**CATEGORY 1 + 2 DISBURSEMENTS**

Type & Purpose			Amount £
04/09/2012	Category 2 - Archive Boxes	Archive boxes	35 00
24/09/2012	Category 1 - Stationery	6 monthly progress report	10 06
24/09/2012	Category 1 - Postage	6 monthly progress report	100 20
07/09/2012	Category 1 - Company Search		7 00
			<b>152 26</b>

From 23 Feb 2012 to 22 Aug 2012

HOURS							
Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	18 45	7 25	22 00	4 17	51 87	11,978 52	230 95
Investigations	5 08	0 00	0 00	0 00	5 08	1,423 36	280 00
Realisation of Assets	22 00	17 00	0 00	0 00	39 00	10,070 00	258 21
Trading	2 75	0 00	0 00	0 00	2 75	770 00	280 00
Creditors	7 28	19 33	18 83	1 75	47 20	10,618 07	224 96
<b>Total Fees Claimed £</b>	<b>15,558 68</b>	<b>10,024 16</b>	<b>8,370 86</b>	<b>906 25</b>		<b>34,859 95</b>	
<b>Total Hours</b>	<b>55 57</b>	<b>43 58</b>	<b>40 83</b>	<b>5 92</b>	<b>145 90</b>		
<b>Average Rate</b>	<b>280 00</b>	<b>230 00</b>	<b>205 00</b>	<b>153 17</b>			

**CATEGORY 1 + 2 DISBURSEMENTS**

Type & Purpose			Amount £
05/03/2012	Category 1 - Stationery	Notice of administration	12 61
05/03/2012	Category 1 - Postage	Notice of administration	50 04
05/03/2012	Category 1 - Stationery	Archive storage boxes	20 25
07/03/2012	Category 1 - Travel	MN mileage - Feb 12	45 45
14/03/2012	Category 1 - Company Search		6 00
14/03/2012	Category 1 - Advertising	Appointment of administrator	60 00
16/04/2012	Category 1 - Bordereau		562 50
18/04/2012	Category 1 - Stationery	Proposals to creditors	12 48
18/04/2012	Category 1 - Postage	Proposals to creditors	55 80
30/04/2012	Category 1 - Advertising	Meeting of creditors	60 00
09/05/2012	Category 1 - Postage	Approved proposals	79 00
03/08/2012	Category 1 - Travel	MN Travel	8 73
09/05/2012	Category 1 - Stationery	Approved proposals	12 72
15/05/2012	Category 1 - Company Search		2 00
			<b>987 58</b>

## HOURS

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	20 95	9 25	25 83	5 13	61 17	14,011 36	229 07
Investigations	11 47	4 00	0 00	0 00	15 47	4,130 68	267 07
Realisation of Assets	24 25	19 00	0 00	0 00	43 25	11,160 00	258 03
Trading	2 75	0 00	0 00	0 00	2.75	770 00	280 00
Creditors	7 28	23 75	24 92	3 25	59 20	13,015 99	219 86
Total Fees Claimed £	18,676 00	12,880 00	10,403 78	1,128 25		43,088 03	
Total Hours	66 70	56 00	50 75	8 38	181 83		
Average Rate	280 00	230 00	205 00	134 58			

## CATEGORY 1 + 2 DISBURSEMENTS

Type & Purpose	Amount £
05/03/2012 Category 1 - Stationery Notice of administration	12 61
05/03/2012 Category 1 - Postage Notice of administration	50 04
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07/03/2012 Category 1 - Travel MN mileage - Feb 12	45 45
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09/05/2012 Category 1 - Postage Approved proposals	79 00
03/08/2012 Category 1 - Travel MN Travel	8 73
09/05/2012 Category 1 - Stationery Approved proposals	12 72
15/05/2012 Category 1 - Company Search	2 00
04/09/2012 Category 2 - Archive Boxes Archive boxes	35 00
24/09/2012 Category 1 - Stationery 6 monthly progress report	10 06
24/09/2012 Category 1 - Postage 6 monthly progress report	100 20
07/09/2012 Category 1 - Company Search	7 00
	<b>1,139 84</b>

## A creditor's guide to the fees and disbursements charged by Redman Nichols Butler

### Insolvency Practitioner's Fees

Where it has been agreed by a resolution of creditors or the creditors' committee that the office holders' remuneration will be calculated by reference to the time properly given by the office holder and his staff in attending to matters arising in the administration of the insolvency estate, at the following hourly charge out rates -

Grade	Rate (£) to 30 April 2011	Rate (£) from 1 May 2011
Partner	280	280
Senior Manager	230	250
Manager	205	230
Assistant Manager	175	205
Administrator	155	155
Support staff	90	90

These rates are our current hourly charge out rates and are exclusive of value added tax. Our charge-out rates are reviewed periodically and creditors will be advised of any alteration thereto. Time is recorded in one minute units.

### Disbursements of Redman Nichols Butler

From time to time, we will incur disbursements on behalf of insolvent estates. The reimbursement of these disbursements will be a charge against the insolvent estate to which they relate. These disbursements can be split into two categories, Category 1 and Category 2.

Category 1 disbursements are disbursements which are directly referable to the insolvent estate and relate to a payment to an independent third party. We seek to recover these types of disbursement. Approval is not required to recover these disbursements and these include insolvency bonds, advertising, company searches and post redirection orders.

Category 2 disbursements are directly referable to the insolvent estate in question but the payment is not to an independent third party. They may include shared or allocated costs that can be allocated to the insolvent estate on a proper and reasonable basis, for example, business mileage. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance.

Category 2 disbursements are recharged at the following rates:

Mileage	45 pence per mile
Printing & Photocopying	10 pence per sheet
Postage	Prevailing rates
Archive boxes	£5 per box

The charges above are subject to annual increments and creditors will be advised of these in future circulars.

From time to time we instruct a firm of agents, Ulyotts, to act for the insolvent estate. Ulyotts are an associated business. Where Ulyotts are instructed, their fees will either be charged by reference to time costs properly incurred, calculated in one minute units at an hourly rate of between £150 – £225, plus their disbursements, or on a percentage basis. These costs are typical of agents in this geographical area.