

The Insolvency Act 1986

Administrator's progress report

2.24B

Name of Company H AND A INTERIORS LIMITED	Company number 2640832
In the High Court of Justice [full name of court]	Court case number 5783 of 2010


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

We (a) N A Bennett & M C Healy of Leonard Curtis, One Great Cumberland Place, Marble Arch, London W1H 7LW

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

(b) Insert dates

from	to
(b) 20 July 2010	(b) 19 January 2011

Signed 
Joint Administrator

Dated 15 February 2011

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.

Leonard Curtis	
One Great Cumberland Place, Marble Arch, London W1H 7LW	
Ref SVW/18	Tel 020 7535 7000
DX Number	DX Exchange

If you have completed and signed this form please send it to the Registrar of Companies at Companies House, 20 Rown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

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COMPANIES HOUSE



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

**H AND A INTERIORS LIMITED
(IN ADMINISTRATION)**

Registered Number 2640832

**Joint Administrators' First Progress Report
for the period from 20 July 2010 to 19 January 2011**

15 February 2011

Leonard Curtis
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Ref L/18/SVW/SHAI02/1010

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TO ALL CREDITORS AND THE REGISTRAR OF COMPANIES

1 STATUTORY INFORMATION

1.1 I was appointed Joint Administrator of H and A Interiors Limited ("the Company") together with M C Healy on 20 July 2010. We are both licensed in the UK by the Insolvency Practitioners Association. The appointment of the Joint Administrators ("the Joint Administrators") was made by Calverton Factors Limited of Calverton House, 1 Keller Close, Kiln Farm, Milton Keynes MK11 3LL as holder of a qualifying floating charge over the assets of the Company.

1.2 The Administration proceedings are under the jurisdiction of the High Court of Justice under Court reference number 5783 of 2010.

1.3 In accordance with paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 ("the Act"), the function of the Joint Administrators may be exercised by either or both, acting jointly or alone. There have been no changes in office-holder and the initial period of the Joint Administrators' appointment has not been extended.

1.4 The Company traded from freehold premises at Unit 3 Brindley Close, Rushden Business Park, Rushden, Northamptonshire NN10 6EN. The Company purchased the freehold of this property in 2000 for £230,000. It also operated from adjoining premises at Unit 4 which were leased at a cost of £7,500 per quarter. This unit was primarily for storage. The Company's business was that of show home interior design consultants.

1.5 The Company's registered office was changed from PO Box 501, The Nexus Building, Broadway, Letchworth Garden City, Hertfordshire SG6 9BL to One Great Cumberland Place, Marble Arch, London W1H 7LW following our appointment. The registered number is 2640832.

1.6 On 7 September 2010 we sent a statement of the Joint Administrators' proposals to all creditors of the Company. In accordance with paragraph 52 of Schedule B1 of the Act, a meeting of creditors was not called as we thought that, on the basis of information available at the time, the Company would have insufficient property after costs to enable a distribution to be made to unsecured creditors other than by virtue of Section 176(A)(2)(a) of the Act (prescribed part). No meeting of creditors was requisitioned and the proposals were therefore deemed to have been approved on 20 September 2010. There have been no major amendments to, or deviations from, those proposals.

1.7 The Company's main centre of operations is based in the UK. The EC Regulation on Insolvency Proceedings applies and the proceedings are main proceedings under the Regulation.

2 STEPS TAKEN DURING THE ADMINISTRATION AND PROGRESS TO DATE

2.1 This report should be read in conjunction with the Joint Administrators' previous report dated 7 September 2010.

2.2 Freehold Property

2.2.1 The freehold property at Unit 3 Brindley Close, Rushden was purchased for £230,000 in 2000. Its current book value is £350,000.

2.2.2 Following discussions with AIB Group (UK) Plc (“AIB”), who hold a fixed charge over the property, and Calverton Factors Limited (“Calverton”) who would benefit from any surplus in respect of their debenture, it was decided that we should instruct Lambert Smith Hampton (“LSH”) to deal with the marketing of the property. LSH recommended that we seek an asking price of £350,000 and seriously consider all offers over £325,000. To attract interest LSH implemented the following marketing initiatives

- Marketing board erected
- Detailed particulars forwarded to all active agents in the market
- Detailed particulars forwarded to all active applicants
- Half page advertisement placed in the Northants News Business Supplement
- Half page advertisement placed in the business Times
- Detailed particulars mailed to all industrial occupiers in the area

2.2.3 A number of enquiries were made as well as 10 escorted viewings of the property. It was decided to make an invitation to all interested parties to submit their final offers for the property by 12 noon on 20 December 2010. The below offers were made

- Mr Wildman - £190,000 – cash
- Lime Square Business Parks Ltd - £200,000 – cash
- The Coleman Group Retirement Benefits Scheme (“Coleman Group”) - £310,000 – cash

2.2.4 In light of the offers received and following discussions with AIB and Calverton the offer from the Coleman Group was accepted. LSH drafted heads of terms which were submitted to the potential purchasers

2.2.5 However, shortly before contracts were due to be exchanged the Coleman Group withdrew their offer. LSH are in the process of contacting the Coleman Group to ascertain the reason for the withdrawal. LSH advise that they have recently been in conversations with further interested parties and viewings of the property have been arranged with the intention of receiving an offer

2.2.6 Unless any further substantial offers are received it may be necessary to re-market the property. We will advise further in future reports

2.3 Debtors

The Company had a book debt ledger which was subject to a factoring agreement with Calverton. At the date of Administration the gross value of the outstanding ledger was £357,908 with £192,284 due to Calverton. Calverton has advised that debt collections to date amount to £148,777 and based on current information Calverton do not expect to receive any further funds

2.4 Work In Progress (“WIP”)

As previously reported, BEU Interiors Limited (“BEU”), a connected company under the control of the director, undertook the completion of the Company's WIP at their own expense for the benefit of Calverton who were owed substantial funds under these contracts. The director has also personally guaranteed any amounts outstanding to Calverton. At the date of appointment the Company was not otherwise in a position to complete this work in progress and therefore no funds would have become available for other creditors

2.5 **Chattel Assets**

2.5.1 The chattel assets comprised assorted office equipment, furniture and fittings. We were advised that these assets were purchased by BEU in March 2010. Further information on the sale has been supplied and is being reviewed by our solicitors.

2.5.3 If for any reason the sale is open to challenge, we will discuss and review the options available to the Company with the secured creditors.

2.6 **Secured Creditors**

2.6.1 AIB hold debentures dated 31 October 2001 and 30 November 2001 incorporating fixed and floating charges over the assets of the Company. At the date of appointment AIB were owed £246,762. However, we cannot confirm at this time whether AIB will be repaid in full, as this will be dependent on the eventual sale price of the freehold property.

2.6.2 Calverton holds a debenture dated 25 November 2007 incorporating fixed and floating charges over the assets of the Company to secure the indebtedness detailed at 2.3. Based on current information it is unlikely that Calverton will be repaid in full.

2.7 We have complied with our statutory obligations under the Company Directors Disqualification Act 1986 and a report has been submitted to the appropriate authority.

2.8 Attached as Appendix A is a summary of our receipts and payments account for the period from 20 July 2010 to 19 January 2011. This shows what assets of the Company have been realised and for what value and what payments have been made to creditors or others.

2.9 The following expenses, other than category 2 disbursements (see paragraph 4.6 below) have been incurred during the period of this report. Where exact sums are not available the figures have been estimated.

Detail	Incurred £	Paid £	Unpaid £
Statutory Advertising	75.60	-	75.60
Bordereau	400.00	400.00	-
Sundry Expenses & Disbursements	213.24	-	213.24
IT Licence Fee	75.00	-	75.00
Insurance	2,929.19	1,464.59	1,464.60
Property Charges	1,612.58	1,612.58	-
Storage	1,612.94	-	1,612.94
Total	6,918.55	3,477.17	3,441.38

3 **ACHIEVING THE PURPOSE OF ADMINISTRATION**

3.1 As advised in our previous report dated 7 September 2010, the Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:

(a) rescuing the Company as a going concern, or (if this cannot be achieved)

(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 (if (a) and (b) cannot be achieved)

- (c) realising property in order to make a distribution to one or more secured or preferential creditors
- 3.2 We are obliged to perform our functions in the interests of the Company's creditors as a whole and, where the objective of the Administration is to realise property in order to make a distribution to secured or preferential creditors, we have a duty not to unnecessarily harm the interests of the creditors as a whole
- 3.3 In our opinion, objective (a) has not been achieved. The Company's directors and shareholders were unable to provide further funding and a third party investor could not be identified. Trading the business to find a funder was also not a viable option owing to the immediate requirement for funding.
- 3.4 We also do not believe that the second objective will be achieved. Unless assets of which we are unaware come to light, there will be no monies available to ordinary unsecured creditors after the costs of Administration have been paid, except by virtue of the prescribed part.
- 3.5 In our opinion, the third objective, namely realising property to make a distribution to one or more secured or preferential creditors, will be achieved. Calverton, as a secured creditor, has already received payment from funds received from debtors. AIB, as a secured creditor, will receive the proceeds from the sale of the freehold property.
- 3.6 The Administration has been, and will continue to be, financed by monies received from asset realisations.

4 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

- 4.1 The Joint Administrators' proposals, as approved, stated that "The Joint Administrators think that the Company will have insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176(A)(2)(a) of the Insolvency Act 1986 (prescribed part, if any)".
- 4.2 In view of this the Joint Administrators' remuneration is required to be fixed with the approval of
- (a) each secured creditor of the Company and, if we have made or intend to make a distribution to preferential creditors,
 - (b) preferential creditors whose debts amount to more than 50% of the preferential debts of the Company, disregarding debts of any creditors who do not respond to an invitation to give or withhold approval.
- 4.3 In accordance with the provisions of Rule 2.106(2) of the Insolvency Rules 1986 it may be fixed as a percentage of the assets realised and distributed in the Administration, as a set amount or by reference to the time spent. In this case we will be requesting the above to agree to the last mentioned. A further report is being sent to the secured creditors to seek agreement to our remuneration. As it is unlikely that there will be a distribution to preferential creditors only consent of the secured creditors is being sought.
- 4.4 As advised in our previous report dated 7 September 2010, the Joint Administrators' time costs at 27 August 2010 were £14,782.50. Since that time further costs of £16,075 have been incurred. These costs are summarised at Appendix B and comprise 70 hours at an average rate of £229.64 per hour. The Joint Administrators and their staff have spent most time dealing with the following areas:

- **Liabilities**

The time incurred covers corresponding with trade and expense creditors in respect of unsecured and retention of title claims, ongoing discussions with the former employees of the Company regarding various issues and liaising with HM Revenue & Customs regarding tax issues

- **Assets**

This includes aiding Calverton by corresponding with a number of debtors regarding outstanding funds, discussing the ongoing position in respect of the freehold property with our agents and corresponding with interested parties

- **Debenture Holders**

Ongoing reporting to both AIB and Calverton on the progress of the Administration, discussions with Calverton in respect of collection of the debtors' ledger and ongoing assistance and discussions with AIB in respect of the freehold property and potential sale

4 5 No payment has yet been made on account of these costs

4 6 Further details of our company's charge out rates and policy regarding the recharge of disbursements, staff allocation, support staff and the use of subcontractors are attached at Appendix C

4 7 The Joint Administrators will also need to seek approval from those creditors mentioned in paragraph 4 2 above of the basis upon which we recharge internal disbursements that include an element of allocated costs. These are known as Category 2 costs and the basis of their recharge is also attached at Appendix C. Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as "category 1 disbursement". Category 1 disbursements will generally comprise items such as identifiable telephone calls, postage, advertising, invoiced travel and properly reimbursed expenses, including car mileage at 40p a mile, incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and storage.

4 8 In this case the following Category 2 costs have been incurred during the period of this report but have not yet been paid

Type	£
Internal photocopying @ 10p per copy	327 20
General stationery, postage, telephone etc @ £100 per 100 creditors/ members or part thereof	-
Room hire @£100 per meeting	-
Storage of office files (6 years) £88 75 per box	-
Other	-
Total	327 20

4 9 We have used the following professional advisors, including subcontractors

Name of Professional Advisor	Service Provided	Basis of Fees
Paul Davidson Taylor	Legal Advice	Time Costs
Lambert Smith Hampion	Property Marketing & Advice	Percentage of Sale
AgentCite Ltd	Valuation Advice	Time Costs

Details of our company's policy regarding the choice of advisors and the basis for their fees are also attached at Appendix C

5 PRE-ADMINISTRATION COSTS

5.1 In our report dated 7 September 2010 we detailed various pre appointment costs that were incurred prior to the Company entering into Administration. These costs were

Charged by	Services provided	Total Charged £	Amount approved £	Amount unpaid £
Leonard Curtis	Meetings with directors and charge holders, assessing that Administration was appropriate route, instructing agents and solicitors and liaising re marketing the property and sale of chattel assets	3,900	Nil	3,900
Paul Davidson Taylor	Dealing with filing of appointment documentation	1,675.90	Nil	1,675.90

5.2 These costs will also need to be approved by those creditors detailed in paragraph 4.2. As it is unlikely that there will be a distribution to preferential creditors only consent of the secured creditors is being sought.

6 CREDITORS' RIGHTS

6.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Joint Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.

6.2 Within 14 days of receipt of the request, we must provide all of the information asked for, except so far as we consider that -

- i) the time or cost of preparation of the information would be excessive, or
- ii) disclosure of the information would be prejudicial to the conduct of the Administration or might reasonably be expected to lead to violence against any person, or
- iii) we are subject to an obligation of confidentiality in respect of the information.

We must also give reasons for not providing all of the information.

6.3 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to Court on the grounds that the basis fixed for the Joint Administrator's remuneration, the remuneration charged or the expenses incurred by the Joint Administrators as set out in this progress report are excessive.

7 EXTENSION OF ADMINISTRATION

7.1 The appointment of the Joint Administrators ceases to have effect at the end of the period of one year beginning with the date on which it takes effect.

7 2 However, it is possible to extend the period of the Joint Administrators' term of office for a specified period not exceeding six months. If this is deemed appropriate, the Joint Administrators may seek consent of the following to such an extension:

- (a) each secured creditor of the Company and, if we think that a distribution may be made to preferential creditors,
- (b) preferential creditors whose debts amount to more than 50% of the Company's preferential debts, disregarding debts of any creditor who does not respond to an invitation to give or withhold consent for such extension.

7 3 In this case we have not sought an extension.

8 FURTHER ASSETS TO BE REALISED

As previously mentioned, we are still in the process of attempting to find a purchaser for the freehold property at Unit 3 Brndley Close.

9 OTHER RELEVANT INFORMATION

9 1 The automatic deadline for the Administration to end is 19 July 2011.

9 2 Based on current information, AIB is likely to be repaid in full from the sale of the property however Calverton are unlikely to be repaid in full. It is anticipated that after dealing with the costs of Administration that there will be no funds available for preferential creditors, prescribed part or unsecured creditors.

9 3 In the event that there are insufficient monies available to declare a dividend to ordinary unsecured creditors of the Company, which we expect to be the case, we will give notice to Registrar of Companies to move the Company directly from Administration to dissolution.

9 4 In the unlikely event that funds do become available to declare a dividend to ordinary unsecured creditors of the Company, we will give notice to the Registrar of Companies to move the Company from Administration into CVL. Following this notice the appointment of the Joint Administrators will cease to have effect and the appointment of a Liquidator will be effective. In accordance with the Joint Administrators' proposals approved by creditors, I will become Liquidator.

Creditors requiring further information should contact our office, in writing. Electronic communications should also contain a full postal address.

for and on behalf of
H AND A INTERIORS LIMITED


N A BENNETT

Joint Administrator

Licensed in the UK by the Insolvency Practitioners Association

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company without personal liability.

**Summary of Joint Administrators' Account of Receipts and Payments
from 20 July 2010 to 19 January 2011**

	Directors' Statement of Affairs £	Fixed £	Floating £	Total £
RECEIPTS				
Debtors	150,000	148,776 57		148,776 57
Freehold Property	350,000	-	-	
Vehicles	Nil	-	-	
Computers & Fixtures	Uncertain	-	-	
Stock & WIP	4,573	-	-	
	<hr/>	<hr/>	<hr/>	<hr/>
	504,573	148,776 57	-	148,776 57
	<hr/> <hr/>			
Bank Interest		-	6 396 81	6,396 81
Deposit Interest Gross		1 91	0 70	2 61
		<hr/>	<hr/>	<hr/>
		148,778 48	6,397 51	155,175 99
PAYMENTS				
Bordereau Fee			400 00	400 00
Property Charges			1,612 58	1,612 58
Insurance			1,464 59	1,464 59
Bank Charges		-	20 00	20 00
VAT Input Tax			352 20	352 20
PAID TO CREDITORS				
Calverton Factors Ltd		148,776 57	-	148,776 57
AIB Group (UK) plc		-	2,547 44	2,547 44
		<hr/>	<hr/>	<hr/>
Balance In Hand		1 91	0 70	2 61
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Summary of Joint Administrators' Time Costs from 28 August 2010 to 19 January 2011

	Director		Senior Manager		Manager 2		Senior Administrator		Total		Average
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Hourly Rate £
Statutory & Review	10	450 00	50	1,625 00	-	-	23	345 00	83	2 420 00	291 57
Receipts & Payments		-	10	325 00	-	-	-	-	10	325 00	325 00
Assets	10	450 00	100	3,250 00	-	-	70	1,050 00	180	4,750 00	263 89
Liabilities	-	-	-	-	-	-	145	2,175 00	145	2 175 00	150 00
Debenture Holder	10	450 00	95	3 087 50	-	-	-	-	105	3,537 50	336 90
General Administration	-	-	-	-	-	-	10	150 00	10	150 00	150 00
Post Appointment Creditor Reporting	-	-	5	162 50	25	500 00	35	525 00	65	1,187 50	182 69
Investigations	-	-	-	-	-	-	102	1,530 00	102	1 530 00	150 00
Total	30	1,350 00	260	8,450 00	25	500 00	385	5,775 00	700	16 075 00	
Average Hourly Rate (£)		<u><u>450 00</u></u>		<u><u>325 00</u></u>		<u><u>200 00</u></u>		<u><u>150 00</u></u>		<u><u>229 64</u></u>	

All Units are 6 minutes

CHARGE OUT RATES AND POLICY REGARDING STAFF ALLOCATION, SUPPORT STAFF, THE USE OF SUBCONTRACTORS AND THE RECHARGE OF DISBURSEMENTS

The following information relating to the policy of Leonard Curtis is considered to be relevant

Charge out Rates

The following hourly charge out rates apply to all assignments undertaken by Leonard Curtis

Director	£450
Principal Manager	£350
Senior Manager	£325
Manager 1	£250
Manager 2	£200
Manager 3	£175
Senior Administrator	£150
Administrator	£100
Support	£75

Staff Allocation, Support Staff and the Use of Subcontractors

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is charged. Details of any subcontractor(s) used are given in the attached report.

Professional Advisors

Details of any professional advisor(s) used are given in the attached report. Unless otherwise indicated the fee arrangement for each will be based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors will be based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Disbursements

Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as a "category 1 disbursement". Category 1 disbursements will generally comprise supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses, including car mileage at 40p a mile, incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

Where we propose to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, documents storage or communication facilities provided by us) they must be disclosed and be authorised by those responsible for approving the joint administrators' remuneration. Such expenditure is referred to as a "category 2 disbursement". The following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision.

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Room Hire	£100
Storage of office files (6 years)	£88.75 per box