

The Insolvency Act 1986

Administrator's progress report**R2.38**

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company

Peckham and Rye Limited

Company number

SC082175

Insert full
name(s) and
address(es) of
Administrator(s)

I/We (a)

F J Gray and E G Mackay
Zolfo Cooper
Cornerstone
107 West Regent Street
Glasgow G2 2BA

A C O'Keefe

Zolfo Cooper
The Zenith Building
26 Spring Gardens
Manchester M2 1AB

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

from

to

Insert date(s)

(b) 14 July 2011

(b) 13 January 2012

Signed

Joint / Administrators

Dated

10. 2. 12

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

Katherine Ward
Zolfo Cooper
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26 Spring Gardens
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DX Number

+44 (0) 161 838 4500
DX Exchange

When you have completed and signed this form, please send it to the
Registrar of Companies at:-
Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge,
Edinburgh, EH3 9FF
DX 235 Edinburgh / LP 4 Edinburgh-2



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TUESDAY

Joint Administrators' Progress Report for the period 14 July 2011 to 13 January 2012

Peckham and Rye Limited
In Administration

10 February 2012

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1 Statutory information

- 1.1 Fraser Gray was appointed Joint Administrator of Peckham and Rye Limited (the Company) together with Anne O'Keefe and Elizabeth Mackay on 14 July 2011 by the Court of Session. The application for the appointment of an Administrator was made by T Stone Properties Limited (T Stone) as the floating charge holder.
- 1.2 This Administration is being handled by Zolfo Cooper's Manchester office, situated at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.
- 1.3 The registered office of the Company was 18 Bogmoor Place, Glasgow, G51 4TQ and traded under the name of Peckham's from various sites throughout Scotland.
- 1.4 The registered office of the Company has been changed to c/o Zolfo Cooper, Cornerstone, 107 West Regent Street, Glasgow, G2 2BA and its registered number is SC082175.
- 1.5 In accordance with paragraph 100(2) of schedule B1 to the Insolvency Act 1986, the functions of the Administrators may be exercised by either or both, acting jointly or alone.

2 Progress of the Administration

- 2.1 Attached at Appendix A is the Joint Administrators' Receipts and Payments Account for the period 14 July 2011 to 13 January 2012. The Trading Account for the period 14 July 2011 to 13 January 2012 is attached at Appendix B.
- 2.2 This report should be read in conjunction with the Joint Administrators' Report and Statement of Proposals dated 24 August 2011 (the Proposals).
- 2.3 The Joint Administrators are pursuing the second objective of Administration to achieve 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).
- 2.4 The objective has been achieved through the sale of the Company's business and assets on 29 July 2011 to Peckham V and V Limited (Peckham V and V) which has a director in common with both the Company and T Stone. In accordance with Statement of Insolvency Practice 13, the Proposals provided full details of the sale.
- 2.5 The sale successfully secured the continued employment of all staff and reduced the preferential claims in the Administration.

Sale of business and assets

- 2.6 The consideration for the business and assets totalled £125,000 and the sale agreement stipulated a deadline of 31 October 2011 for payment to be received. The Joint Administrators took security for the deferred consideration with a charge against a property owned by T Stone.
- 2.7 Peckham V and V have been unable to pay the consideration to date, however the director has advised that a sale of the charged property is currently in progress. Payment of the consideration will be made from the proceeds of the property sale.

Trading

- 2.8 The Joint Administrators attended the head office immediately following appointment and trading continued without interruption and to ensure the preservation of the goodwill of the business.
- 2.9 T Stone provided a loan of £100,000 to enable the Joint Administrators to trade for a period of three weeks, the balance of the loan being repayable once all trading costs have been met. In addition, T Stone also provided an indemnity to pay the Joint Administrators' fees and expenses which are deductible from the loan. To date, the Joint Administrators have utilised these funds to pay the legal costs incurred through dealing with the appointment of the Liquidator.
- 2.10 The Joint Administrators traded for the period 14 July 2011 to 29 July 2011 and the Trading Account, which is on a cash basis, is attached at Appendix B. The trading position has yet to be finalised and therefore the Company's current trading loss of £31,268 is anticipated to increase.
- 2.11 The trading loss will be offset against the loan provided by T Stone and as such, the floating charge realisations and consequently the outcome to unsecured creditors will be unaffected.

Book debts

- 2.12 At the date of appointment the Company's book debt ledger totalled £25,583.
- 2.13 The Joint Administrators' analysis of the ledger revealed that a number of smaller debts were likely to be irrecoverable and therefore it was adjusted to give a realisable balance of £24,443.
- 2.14 The Joint Administrators commenced a collection process during which a number of queries were received from debtors. The Company's records were insufficient to fully investigate these queries which led to these debts being written off.
- 2.15 A total of £8,624 has been collected and the remainder of the ledger consists of a number of small balances which are deemed uneconomical to pursue. Therefore there will be no further realisations from this source.

Cash at bank

- 2.16 The Joint Administrators recovered cash from the Company's former bank account of £82,723 on 23 August 2011.

Cash on hand

- 2.17 Petty cash and till floats were secured on appointment totalling £5,154.

Sundry refunds and bank interest

- 2.18 Refunds relating to car tax, utilities and rates have been received totalling £717 together with bank interest of £60.

Appointment of Liquidator

- 2.19 A Liquidator was appointed on 22 July 2011 by the Glasgow Sheriff Court following a petition which was presented by HM Revenue and Customs prior to the Administration. The appointment was granted as notice of the Administration had not yet been received by the court.
- 2.20 A hearing was initially held on 2 August 2011 at which the Liquidator's appointment was temporarily suspended to enable the sale of the business and assets to be finalised. At the same hearing, an order for the payment of the Interim Liquidator's fees was made against T Stone. These totalled £2,000 plus VAT and have been paid from the Administration due to its indemnity to cover disbursements.
- 2.21 An appeal hearing has been set for 22 February 2012 at which the Joint Administrators will request that the Liquidator's appointment be declared invalid.

3 Assets still to be realised

- 3.1 The sale consideration is the only asset which remains to be realised.

4 Joint Administrators' remuneration

- 4.1 Creditors approved that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the Administration.
- 4.2 The Joint Administrators' time costs for the period 14 July 2011 to 13 January 2012 are £211,689 which represents 848 hours at an average hourly rate of £250. Attached at Appendix C is a Time Analysis which provides details of the activity costs incurred by staff grade during this period.
- 4.3 This time has predominantly been incurred as follows:
- **Administration and planning** - formulating and implementing the initial case strategy, complying with statutory duties and performing general administrative work. Case related treasury and support time is also recorded here.
 - **Investigations** - conducting investigations into the directors' conduct together with the Company's dealings prior to the appointment of the Joint Administrators and the submission of a report to the Department of Business, Innovation and Skills pursuant to the Company's Disqualification Act 1986.
 - **Realisations of assets - floating charge** - time recorded within this category includes liaising with the agent in respect of the assets, establishing the most appropriate realisation strategy and managing the sales process. Time has also been spent corresponding with a number of leasing companies to arrange settlement of finance agreements or the collection of the assets from the Company's premises.
 - **Realisation of assets - debtors** - reviewing the Company's book debt ledger, communicating and negotiating with debtors regarding outstanding balances and dealing with disputes.
 - **Trading** - preparing trading budgets and forecasts, liaising with suppliers and customers, managing employee issues and overseeing the ongoing trading of the business. Treasury time relating to trading receipts and payments is also recorded here.

- **Creditors** - notifying all creditors of the appointment, preparing statutory reports, dealing with employee claims and dealing with creditors' telephone calls and correspondence.
- 4.4 Please note that since the Proposals, time which was incorrectly recorded in respect of fixed charge realisations has been reallocated to floating charge.
- 4.5 The Joint Administrators can confirm that category 2 disbursements for photocopying charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying will be drawn in due course.
- 4.6 Approval of the Joint Administrators' remuneration will be sought in accordance with rule 2.39 of the Insolvency (Scotland) Rules 1986 as amended from the secured creditor as the Company has insufficient property to enable a distribution to be made to the preferential creditors and unsecured creditors other than by virtue of the Unsecured Creditors' Fund (see section 5).
- 4.7 Attached at Appendix D is additional information in relation to the Joint Administrators' policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.

5 Estimated outcome for creditors

Secured creditor - T Stone Properties Limited

- 5.1 The Company created a floating charge in favour of T Stone on 25 May 2011. At the date of appointment, T Stone was owed approximately £317,000. T Stone is unlikely to receive a distribution from the Administration.

Preferential creditors

- 5.2 At the date of the Joint Administrators' appointment, it was necessary to make redundancies to reduce ongoing trading costs and therefore claims have been received in respect of arrears of wages and holiday pay.
- 5.3 In addition to the above, following the sale to Peckham V and V, the employees who transferred were owed arrears of wages for one week, which it was unable to pay. These employees have submitted a claim in the Administration under the Transfer of Undertakings (Protection of Employment) Regulations.
- 5.4 The preferential creditor claims are currently estimated to be £45,000. Any dividend distribution will be dependent upon the final level of realisations.

Unsecured creditors

- 5.5 Pursuant to section 176A of the Insolvency Act 1986, where there is a floating charge which post-dates 15 September 2003, the Joint Administrators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (Unsecured Creditors' Fund).
- 5.6 As the security post-dates the introduction of the Enterprise Act 2002 on 15 September 2003, there is a requirement to set aside an Unsecured Creditors' Fund.

- 5.7 The Joint Administrators can confirm that, based on realisations and costs to date, there will be no funds to establish an Unsecured Creditors' Fund.

6 Ending the Administration

Dissolution of the Company

- 6.1 The Joint Administrators think that the Company has no property which might permit a distribution to its creditors and therefore will file a notice together with the final progress report at court and with the Registrar of Companies for the dissolution of the Company. The Joint Administrators will send copies of these documents to the Company and its creditors. The appointment will end following the registration of the notice by the Registrar of Companies.
- 6.2 The Joint Administrators will be discharged from liability under paragraph 98 of schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect.

7 Next report

- 7.1 The Joint Administrators are required to provide a progress report within six weeks of the end of the next six months of the Administration, or the date they cease to act as Administrators, if earlier.

For and on behalf of
Peckham and Rye Limited



Anne O'Keefe
Joint Administrator

Encs

**Receipts and Payments Account for the period from
14 July 2011 to 13 January 2012**
Appendix A

	14/07/2011
	- 13/01/2012
	£
Floating charge assets	
Receipts	
Book debts	8,624
Cash on hand	5,154
Cash at bank	82,723
Sundry refunds	717
Trading deficit	(31,268)
T Stone trading loan	100,000
Bank interest	60
	<u>166,010</u>
Payments	
Interim Liquidator's fees	2,000
Agent's/Valuer's fees	6,061
Legal disbursements	1,500
Legal fees	40,332
Agent's fees	8,744
Employee agent	869
Corporation tax	12
Bank charges	60
Category 1 disbursements:	
Stationery and postage	1,063
Statutory advertising	76
Courier	13
Registers of Scotland	15
	<u>(60,745)</u>
Balance	<u>105,265</u>
Represented by:	
VAT receivable	2,030
T Stone loan	26,900
Interest bearing account	76,335
	<u>105,265</u>

In accordance with Statement of Insolvency Practice 7 a statement of affairs has not been provided by the director and therefore a comparison cannot be provided.

Trading Account for the period 14 July 2011 to 13 January 2012

Appendix B

	14/07/2011 - 13/01/2012 £
Sales	
Sales	219,178
Misc Income	625
	<u>219,803</u>
Purchases	
Dry goods	8,698
Wet goods	26,142
Chill goods	18,281
Other purchases	27,963
PSL - retention of title	57,047
	<u>(138,131)</u>
Other direct costs	
Wages and salaries	71,543
Direct expenses	115
PAYE/NIC	15,309
	<u>(86,967)</u>
Trading expenditure	
Director purchases under indemnity	324
Rates	8,302
Heat and light	4,163
Travel	239
Telephone	490
Insurance	826
Legal fees	2,150
Bank charges	25
Vouchers	1,138
Hire of equipment	300
Repairs and maintenance	865
Sundry expenses	649
Cleaning	252
Vehicle running costs	3,090
Credit card charges	2,453
Stationery	707
	<u>(25,973)</u>
Trading deficit	<u>(31,268)</u>

Please note that the Joint Administrators' trading period was between 14 July 2011 to 29 July 2011 and the above account is on a cash basis.

Time Analysis for the period 14 July 2011 to 13 January 2012

Appendix C

	Employee grade (hours)				Total hours	Total cost £	Average rate per hour £
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support			
Administration and planning							
Planning	-	-	0.5	1.0	1.5	225.00	150
Strategy and control	19.2	22.0	17.8	-	59.0	19,090.00	324
Statutory duties	-	1.8	8.3	0.5	10.6	2,468.50	233
Case administration	0.5	1.6	21.9	3.9	27.9	6,000.00	215
Accounting and treasury	1.7	1.0	3.8	19.9	26.4	3,679.00	139
Travel and waiting time	-	-	0.5	-	0.5	115.00	230
Internal documentation	-	0.3	-	0.1	0.4	91.00	228
Investigations							
Director conduct reports	-	1.2	15.0	-	16.2	3,683.00	227
Other Investigations	-	2.0	-	-	2.0	630.00	315
Realisation of assets - debtors							
Debt collection	-	-	0.9	14.1	15.0	1,828.50	122
Realisation of assets - floating charge							
Asset realisation strategy	2.0	35.0	9.5	-	46.5	12,520.00	269
Asset Identification and valuation	-	1.3	-	-	1.3	409.50	315
Sale of assets	10.6	39.3	25.4	0.6	75.9	24,082.50	317
Recovery of assets	-	11.1	9.4	-	20.5	5,618.50	274
Dealing with third party assets	-	4.1	29.2	-	33.3	7,786.50	234
Asset accounting and administration	-	0.2	0.4	3.5	4.1	534.50	130
Trading							
Trading strategy	4.8	34.0	-	-	38.8	12,606.00	325
Trading activities	-	54.3	65.5	1.5	121.3	32,254.00	266
Accounting and administration	0.3	23.9	172.6	18.1	214.9	48,796.00	227
Creditors							
Creditor claims	-	0.2	0.3	5.2	5.7	730.00	128
Creditor litigation	-	1.4	-	-	1.4	441.00	315
Reporting to creditors	-	7.5	18.0	-	25.5	6,502.50	255
Preferential creditors	-	-	0.4	-	0.4	92.00	230
Unsecured creditors	-	1.3	71.1	1.0	73.4	16,273.50	222
Employees	-	3.0	16.6	5.3	24.9	5,232.50	210
Totals	39.1	246.5	487.1	74.7	847.4	211,689.00	250

Additional information in relation to the Joint Administrators' remuneration pursuant to Statement of Insolvency Practice 9 (Scotland)

Appendix D

1 Policy

Detailed below is Zolfo Cooper's policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

1.1 Staff allocation and the use of sub-contractors

The Joint Administrators' general approach to resourcing assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a partner, senior associate, associate and analyst. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The charge-out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, it should be advised that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, eg report compilation and distribution, do the Joint Administrators seek to charge and recover time in this regard.

The services of any sub-contractors have not been utilised in this case.

Service type	Service provider	Basis of fee arrangement	Cost to date £
Employee claim processing	Payco ERA Limited	hourly rate and disbursements	949

1.2 Professional advisors

On this assignment the professional advisors listed below have been used. Also indicated alongside, is the basis of the fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
Macroberts (legal advice)	hourly rate and disbursements
Willis Limited (insurance)	risk based premium
Sweeney Kincaid (valuation advice)	percentage of realisations
Payco ERA Limited (employee matters)	hourly rate and disbursements
Brechin Tindal Oatts (Interim Liquidator's solicitor costs)	hourly rate and disbursements
Hill and Knowlton (media advisors)	hourly rate and disbursements

Metis Partners Limited (valuation of intellectual property) fixed fee and percentage of realisation

The Joint Administrators' choice was based on perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them.

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require prior approval by creditors before they are paid. If they are incurred, they will be drawn in accordance with the Joint Administrators' proposals. Category 2 disbursements that will be incurred relate to photocopying charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying.

2 Charge-out rates

A schedule of Zolfo Cooper charge-out rates effective from 1 January 2011 is detailed below.

Description	£
Partner/director:	
Partner 1*	445
Partner 2*	395
Director	340
Senior associate:	
Senior associate 1*	315
Senior associate 2*	265
Associate/analyst:	
Associate	230
Analyst*	220
Junior analyst and support staff:	
Junior analyst*	115
Senior treasury associate	155
Treasury associate	105
Treasury analyst	80
Support	75

***Key**

Partner 1 - partners with three or more years experience at partner level

Partner 2 - partners with less than three years experience at partner level

Senior associate 1 - staff who have been senior associates for over two years

Senior associate 2 - staff who have been senior associates for less than two years

Analyst - staff who have been analysts for more than one year

Junior analyst - first year analysts

