

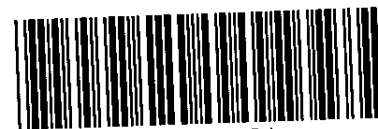
# AM10

## Notice of administrator's progress report



Companies House

FRIDAY



A07 \*A7GwYYMP\* #339  
19/10/2018  
COMPANIES HOUSE

### 1 Company details

Company number 0 2 4 1 9 6 3 3

Company name in full Process Projects Limited

→ Filling in this form  
Please complete in typescript or in bold black capitals.

### 2 Administrator's name

Full forename(s) Gregory Andrew

Surname Palfrey

### 3 Administrator's address

Building name/number 4th Floor Cumberland House

Street 15-17 Cumberland Place

Post town Southampton

County/Region

Postcode S O 1 5 2 B G

Country

### 4 Administrator's name <sup>①</sup>

Full forename(s) Stephen John

Surname Adshead

① Other administrator  
Use this section to tell us about another administrator.

### 5 Administrator's address <sup>②</sup>

Building name/number 4th Floor Cumberland House

Street 15-17 Cumberland Place

Post town Southampton

County/Region

Postcode S O 1 5 2 B G

Country

② Other administrator  
Use this section to tell us about another administrator.

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

From date	<sup>d</sup> 2	<sup>d</sup> 2	<sup>m</sup> 0	<sup>m</sup> 3	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 8
To date	<sup>d</sup> 2	<sup>d</sup> 1	<sup>m</sup> 0	<sup>m</sup> 9	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 8

### 7 Progress report

I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X



X

Signature date

<sup>d</sup> 1	<sup>d</sup> 7	<sup>m</sup> 1	<sup>m</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 8
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# AM10

## Notice of administrator's progress report

### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Craig Aitchison**

Company name **Smith & Williamson LLP**

Address **4th Floor Cumberland House  
15-17 Cumberland Place**

Post town **Southampton**

County/Region

Postcode **S O 1 5 2 B G**

Country

DX

Telephone **023 8082 7600**

### Checklist

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

- The company name and number match the information held on the public Register.
- You have attached the required documents.
- You have signed the form.

### Important information

**All information on this form will appear on the public record.**

### Where to send

**You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:**

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.

### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**



# Process Projects Limited (in administration)

Joint administrators' progress report for the period from  
22 March 2018 to 21 September 2018

16 October 2018



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# 1. Glossary

Abbreviation	Description
the Company	Process Projects Limited
the administrators/joint administrators	Gregory Andrew Palfrey and Stephen John Adshead
SIP	Statement of Insolvency Practice (England & Wales)
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
Sch B1	Schedule B1 to the Insolvency Act 1986 If preceded by P this denotes a paragraph number
IR86	Insolvency Rules 1986 If preceded by R this denotes a rule number
SOA	Statement of Affairs
ETR	Estimated to realise
CVL	Creditors' Voluntary Liquidation
HMRC	HM Revenue & Customs
the Landlord	Legal and General Property Partners (Industrial Fund)Limited
The Landlord's agent	Jones Lang LaSalle
PTF	PTF Engineering Limited
QFCH	Qualifying Floating Charge Holder - a secured creditor who has the power to appoint an administrator
RPS	Redundancy Payments Service
ERA	ERA Solutions Limited
Moore Blatch	Moore Blatch solicitors
NEST	National Employment Savings Trust
The Bank	National Westminster Bank Plc

## 2. Introduction & Summary

This report provides an update on the progress in the administration of the Company for the six month period ended 21 September 2018. It should be read in conjunction with any previous reports. By way of reminder, we, Gregory Andrew Palfrey and Stephen John Adshead, of Smith & Williamson LLP, 4th Floor Cumberland House, 15-17 Cumberland Place, Southampton, SO15 2BG, were appointed administrators of the Company on 22 March 2018.

Statutory information in respect of the Company and the administration is set out at Appendix I.

## 3. Key points

- A sale of the Company's plant and machinery, office equipment and stock to PTF was completed on 29 March 2018 for £40k. PTF were given until midnight on 16 April 2018 to remove all of these assets.
- The objective of the administration is as in P3(1)(c) Sch B1, namely realising property in order to make a distribution to one or more secured or preferential creditors.
- The administrators' proposals were deemed approved on 28 May 2018.
- We anticipate that a small dividend will be paid to the Company's preferential creditors.
- We believe that there will be insufficient funds available for distribution to the Bank in its capacity as the floating charge creditor.
- We do not believe there will be sufficient property to enable us to pay a dividend to unsecured creditors.
- The basis of the joint administrators' remuneration is yet to be approved by the Company's secured and preferential creditors and we will be seeking approval of this and the pre appointment costs and expenses shortly.
- Once the joint administrators have filed their notice of ceasing to act with the Registrar of Companies, steps will be taken to dissolve the Company.

## 4. Administrators' proposals

As previously advised the administrators must perform their functions with the purpose of achieving one of the following objectives:

- a) Rescuing the Company as a going concern; or
- b) Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up without first being placed into administration; or
- c) Realising property in order to make a distribution to one or more secured or preferential creditors.

As detailed in previous reports we anticipate that objective (c) will be achieved as we still anticipate paying a small distribution to the Company's preferential creditors.

## 5. Progress of the administration

Attached at Appendix II is our receipts and payments account for the period from 22 March 2018 to 21 September 2018.

The receipts and payments account also includes a comparison with the directors' SOA values. The following asset realisations have been achieved in the current reporting period.

### 5.1 Chattel assets and controlled goods agreement

We previously reported that we negotiated and completed a sale of the Company's plant and machinery, office furniture, computer equipment and stock to PTF for £40,000 on 29 March 2018. PTF's offer fell within the valuation criteria, provided by SIA Group, and being for the entirety of the Company's owned chattel assets. This provided the best opportunity to empty and vacate the Company's leasehold premises as soon as possible. PTF completed removal of all assets by 16 April 2018 as agreed.

Certain of the Company's assets were subject to a Controlled Goods Agreement ("CGA") in favour of the landlord. Having reviewed the documentation available, we instructed Moore Blatch to review the validity of the CGA and its validity was confirmed. Accordingly, we reached agreement with the landlord to allow us to sell the CGA assets in return for a net payment to them of £10,587.

A payment was sent to the landlord's agent, however the cheque was never banked. We were approached by Rivington Associates, who had been instructed to act on the landlord's behalf as enforcement agents to collect the arrears. Having explained the position to Rivington Associates, it was agreed that payment of £10,587 would be paid to them on behalf of the landlord in full and final settlement.

This has resulted in a net realisation of the Company's chattel assets totalling £29,413.

### 5.2 Completion of work in progress

Working closely with the directors during the administration we identified some work in progress, which we managed to sell directly to the relevant customer for a total of £4,552.

As previously reported prior to the administration, the Company's director, Mark Benfield, together with two of the Company's employees, completed one item of work in progress and they were paid a total of £496 during the administration for this work.

### 5.3 Leasehold premises

As previously reported we instructed SIA Group to undertake a review of the Company's lease agreement on Unit 4c, Barton Park Industrial Estate, Eastleigh, Hampshire SO50 6RR. They advised that in their opinion there was no premium value in the lease.

On 17 April 2018, following expiry of the deadline for the purchaser (PTF Engineering Limited) to remove assets, the Company offered to informally surrender the lease on the premises at Unit 4c, Barton Park Industrial Estate, Eastleigh, Hampshire SO50 6RR and return the keys. Pursuant to their request, we agreed that the Landlord could proceed to change the locks. Further, we wrote to the Landlord and the landlord's agent, advising that rent accruing from commencement of the administration, on 22 March 2018, will not be paid as if it were an expense of the administration but will rank as an unsecured claim against the Company in administration.

### 5.4 Book debts

As set out in our previous report, the gross book value of the Company's sales ledger was £86,557 and was estimated to realise £43,000 per the directors' SOA.

We worked closely with the Company's directors to maximise book debt realisations. We have realised a total of £40,845.47 which includes the realisation of £17,247 as detailed in our previous report. These funds had been paid direct to the Company's former bank account as part of the customers' normal payment routine.



We have realised a further £1,514.57 since the period of this report and further details will be included in our next report.

#### 5.5 Cash held in client account

As previously reported one of the Company's debtors paid the sum of £4,800 into our S&W Re client account. This was transferred to the Company's administration account shortly after our appointment.

#### 5.6 Sundry refund, Corporation Tax refund and bank interest

The Company received a road tax licence refund of £20 in respect of a motor vehicle sold to PTF. During the period of this report we have received Corporation tax refunds totalling £698.86 together with £5.71 of interest representing an overpayment of tax for the years ending 31 March 2016 and 2017.

#### 5.7 Other matters

We summarise below the other key matters that we have dealt with during the period of this report. We have:

- Notified various parties of our appointment as required by statute.
- Engaged and worked with our claims agent, ERA Solutions, to assist former employees with submission of redundancy and other claims including a claim for unpaid pension contributions to the RPS and to resolve queries arising.
- Organised the production and dispatch of P45s to former employees and relevant returns to HMRC.
- Arranged for the Company's accountants to produce critical financial information for the joint administrators.
- Overseen the removal of sold assets and return of third party assets until the premises were returned to the Landlord.
- Requested the return of funds received into the Company's former bank account subsequent to the administration appointment.
- Isolated and removed Company records where required for the purposes of the administration and the destruction of confidential records not required to be retained.
- Collected book debts.
- Liaised with creditors whose claims were, potentially, subject to retention of title.
- Liaised with the directors and Moore Blatch in respect of a request for a creditors' committee and a decision procedure to approve the administrators' proposals. This request was subsequently withdrawn.
- Liaised with the directors in respect of potential further recoveries for the benefit of creditors.

## 6. Investigations

Under the Company Directors Disqualification Act 1986 we have a duty to make a submission to the Secretary of State for Business, Energy & Industrial Strategy on the conduct of all those persons who were directors at the date the Company entered administration or who held office at any time during the three years immediately preceding the administration.

We have complied with our duty in this regard. As all submissions are strictly confidential we are unable to disclose their content.

Additionally, we have a duty to investigate transactions to establish whether there may be any worth pursuing for the creditors' benefit from, for example, legal proceedings. Shortly after appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting (where held) or as a response to our request to complete an investigation questionnaire.

Our investigations have identified some potential further asset recoveries for the estate as a result of possible claims that the Company may have. The administrators do not consider it appropriate to comment on the details as to do so might influence the value and prospects of any recovery.

## 7. Pre-administration costs

The pre-administration costs were reported in the administrators' proposals dated 16 May 2018 and are summarised again below. No steps have been taken to date to seek approval of these costs and therefore the outstanding costs have not yet been paid in the administration. As previously reported, these outstanding costs are subject to approval by the Company's secured and preferential creditors in accordance with R18.18 IR16:

Charged by/service(s) provided	Total amount charged £	Amount paid £	Who made payment	Amount unpaid £
Smith & Williamson LLP (Assisting/advising as described)	28,355.00	5,000.00	The Company	23,355.00
Smith & Williamson LLP (Category 2 disbursements)	41.97	-		41.97
Moore Blatch LLP (Legal advice)	5,650.00	-		5,650.00
SIA Group (Asset valuation)	3,515.00	-		3,515.00
SIA Group (Disbursements)	76.78	-		76.78
<b>Total</b>	<b>37,638.75</b>	<b>5,000.00</b>		<b>32,638.75</b>

As previously reported £5,000 plus VAT of our pre-appointment time costs were paid by the Company as per the terms of our engagement.

## 8. Administrators' remuneration

We have not yet requested approval of the basis of the administrators' remuneration. We will be seeking this approval from the Company's secured and preferential creditors shortly.

The administrators' time costs are:

Period	Total hours hrs	Total costs £	Average hourly rate £/hr	Fees drawn £
22 March 2018 to 21 September 2017	330.60	72,143.50	218.22	-

Attached as Appendix III, is a time analysis which provides details of the activity costs incurred by staff grade during the period of this report in respect of the costs fixed by reference to time properly spent by the administrators and their staff in attending to matters arising in the administration. Details of work carried out in the period are also included in the body of this report.

Appendix IV provides a copy of our original fees estimate.

The joint administrators' costs to date are £72,143.50, as above, compared to our original fees estimate of £51,476.75. Creditors should note that the administrators' time costs will not be recovered in full to allow a dividend to be paid to the Company's preferential creditors, the value of which is to be agreed at a later date.

The joint administrators anticipate the future costs to be in the region of £15,000. A detailed narrative explanation of these costs can be found in the 'Outstanding matters' section of this report.

Please note that this estimate is based on present information and may change due to unforeseen circumstances arising. Fee estimates may be given up to a certain milestone or for a designated period if it is not possible to provide an accurate estimate at any given point.

On a general note, creditors should be aware that some of the work is required by statute and may not necessarily provide any financial benefit to creditors. Examples would include dealing with former employees' claims through the Redundancy Payments Service and providing information relating to the company and its former officers as required by the Company Directors' Disqualification Act 1986.

A copy of "A Creditor's Guide to Administrator's Fees", as produced by the ICAEW, is available free on request or can be downloaded from their website as follows:

<http://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en>

Details of Smith & Williamson LLP's charge out rates and policies in relation to the use of staff are provided at Appendix V.

## 9. Administration expenses

### 9.1 Subcontractors

We have utilised the services of the following subcontractors during the current period:

Provider/Service(s)	Basis of fee Arrangement	Costs incurred in current period £	Costs paid in current period £	Total costs outstanding at period end £
ERA Solutions Limited (Advice and assistance in respect of employee claims and the Company's pension schemes)	Fixed fee	2,000.00	1,000.00	1,000.00
AB Services (IT Services)	Fixed fee	537.50	537.50	-
Collect & Store (collection and confidential destruction of Company records)	Fixed fee	72.50	72.50	-

Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid.

## 9.2 Professional advisers

On this assignment we have used the professional advisers listed below. We have also indicated alongside the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of professional adviser/Service(s)	Basis of fee Arrangement	Costs incurred in current period £	Costs paid in current period £	Total costs outstanding at period end £
Moore Blatch (legal advice re sale of assets and dealing with landlord and dealing with the directors' claims)	Agreed time costs and disbursements	7,934.00	7,520.00	414.00
Abraham & Dobell (preparation of payroll and other financial information)	Fixed fee	1,050.00	-	1,050.00
Willis Towers Watson (Insurance of assets)	Insurance premium	411.49	411.49	-
<b>Total</b>		<b>9,395.49</b>	<b>7,931.49</b>	<b>1,464.00</b>

We recently received an invoice from Abraham & Dobell for the amount shown above, which will be paid and detailed in our next report.

## 9.3 Administrators' disbursements

We have paid and/or incurred the following disbursements in the current period:

Description	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Statutory advertising	81.45	-	81.45
Specific bond	140.00	-	140.00
Storage	38.52	-	38.52
Travel costs (parking)	4.67	-	4.67
Category 2 disbursements (see next section)	67.73	-	67.73
<b>Total</b>	<b>332.37</b>	<b>-</b>	<b>332.37</b>

Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid.

#### 9.4 Category 2 disbursements

The following Category 2 disbursements have been incurred and/or paid in the current period:

Description	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Business mileage @ HMRC rates (includes £41.97 of pre appointment disbursements)	67.73	-	67.73

Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid.

We will be seeking to recover the Category 2 disbursements shown above from the secured and preferential creditors shortly.

#### 9.5 Policies regarding use of third parties and disbursement recovery

Appendix V provides details of Smith & Williamson LLP's policies in relation to the use of subcontractors and professional advisers, and the recovery of disbursements.

## 10. Estimated outcome for creditors

The estimated outcome for each class of creditors is set out below.

#### 10.1 Secured creditors

The Bank holds a debenture containing fixed and floating charge, dated 28 April 1992, over the Company's assets. At the date of the administration, the total amount due to the Bank was estimated at £62,104. Interest has been, and continues to be, added until the liability has been paid in full.

#### 10.2 Prescribed Part

The Company granted a floating charge to the Bank on 28 April 1992. Accordingly, there is no requirement to set aside a Prescribed Part fund out of the Company's net floating charge property for unsecured creditors as this requirement only applies to charges created on or after 15 September 2003.

### 10.3 Preferential creditors

We set out below a summary of preferential claims received:

Preferential creditor	SOA claims £	Claims received £
Employee claims	-	1,436.47
RPS	13,512.00	14,616.23
Pension claim	-	304.85
<b>Total</b>	<b>13,512.00</b>	<b>16,357.55</b>

A summary of preferential claims agreed is set out below:

Preferential creditor	Claims received £	Claims agreed in current period £	Total claims agreed £
Employee claims	1,436.47	1,436.47	1,436.47
RPS	14,616.23	14,616.23	14,616.23
Pension claim	304.85	-	-
<b>Total</b>	<b>16,357.55</b>	<b>16,052.70</b>	<b>16,052.70</b>

We and ERA Solutions Limited have to date agreed all claims paid, or payable, by the RPS in respect of employee preferential claims, together with any residual preferential claims not falling within the RPS's claim limits.

However there is also a pension claim to be agreed and paid, which has been submitted to the RPS and should be processed shortly. The RPS will have an additional preferential claim of £304.85 bringing total preferential claims against the Company to £16,357.55.

### 10.4 Unsecured creditors

We have received claims totalling £395,942.64. Total claims as per the directors' SOA were £494,036.

We do not believe there will be sufficient realisations from the Company's assets to enable a dividend to be paid to unsecured creditors in this case.

## 11. Outstanding matters

A detailed narrative explanation of our forecast future costs of £15,000 can be found below.

Please note that this estimate is based on present information and may change due to unforeseen circumstances arising. In the event that the fees estimate is likely to be exceeded, the joint administrators will need to provide an update and seek approval from the creditors if they wish to draw any additional sums.

The remaining actions to be concluded in the administration are as follows:

- Job planning, case reviews and progression. We anticipate incurring costs of approximately £2,500 in this matter, which will provide no financial benefit to creditors.
- Liaising with our solicitors, Moore Blatch, to pursue legal claims that may lead to recoveries. We anticipate incurring costs of approximately £3,000, which may provide a financial benefit to the unsecured creditors depending on the value of recoveries achieved if any.
- Agreement and payment of preferential claims. We anticipate incurring costs of approximately £2,500 in this matter. These costs will not provide a financial benefit to unsecured creditors.
- Dealing with creditor queries. We anticipate incurring costs of approximately £500 in this matter, which will provide no financial benefit to creditors.
- Closure of the administration, including preparing and issuing this report and the final report. We anticipate incurring costs of approximately £5,000 in this matter. These costs will not provide a financial benefit to creditors.
- We anticipate incurring cashing and other miscellaneous costs of approximately £1,500 in paying a dividend to preferential creditors and closing the administration. A proportion of these costs will provide a financial benefit to preferential creditors.

## 12. Privacy and data protection

As part of our role as joint administrators, I would advise you that we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data in relation to insolvency appointments can be found at [www.smithandwilliamson.com/rsgdpr](http://www.smithandwilliamson.com/rsgdpr). If you are unable to download this, please contact my office and a hard copy will be provided free of charge.

To the extent that you hold any personal data of the Company's data subjects provided to you by the Company or obtained otherwise, you must process such data in accordance with data protection legislation. Please contact us if you believe this applies.

## 13. Ending the administration

Subject to completion of the outstanding matters set out above, our intention is to make a distribution to preferential creditors and then file for the dissolution of the Company before the anniversary of our appointment.

We will shortly be seeking authorisation from the secured and preferential creditors for the administrators to be discharged from liability under P98(3) of Sch B1 immediately upon their appointment as administrators ceasing to have effect via a decision procedure.

## 14. Creditors' rights

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 or otherwise with the court's permission) may request in writing that the administrators provide further information about their remuneration or expenses which have been itemised in this report.

Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for the administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the administrators, as set out in this report, are excessive.

The above rights apply only to matters which have not been disclosed in previous reports.

On a general note, if you have any comments or concerns in connection with our conduct, please contact Gregory Andrew Palfrey or Stephen John Adshead in the first instance. If the matter is not resolved to your satisfaction, you may contact our Head of Legal by writing to 25 Moorgate, London EC2R 6AY or by telephone on 020 7131 4000.

Thereafter, if you wish to take the matter further you may contact the Insolvency Services directly via Insolvency Complaints Gateway. They can be contacted by email, telephone or letter as follows:

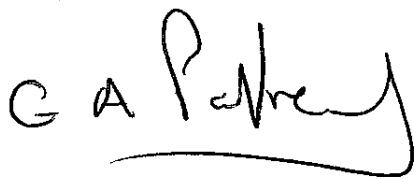
i) Email: [insolvency.enquiryline@insolvency.gsi.gov.uk](mailto:insolvency.enquiryline@insolvency.gsi.gov.uk)

ii) Telephone number: +44 300 678 0015

iii) Postal address: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds LS11 9DA.

## 15. Next report

We are required to provide a further report on the progress of the administration within one month of the end of the next six month period of the administration unless, as we anticipate, we have concluded matters prior to this, in which case we will write to all creditors with our final report.

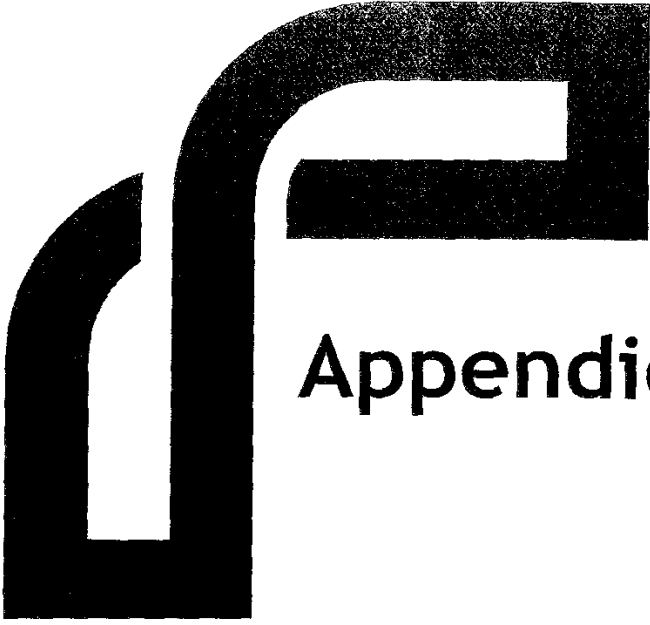


**Gregory Andrew Palfrey and Stephen John Adshead**

Joint Administrators

Date: 16 October 2018





# Appendices



# I Statutory Information

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Relevant Court	High Court of Justice Business & Property
Court Reference	002016 of 2018
Trading Name(s)	Process Projects Limited
Trading Addresses	Unit 4C, Barton Park Industrial Estate, Hampshire, SO50 6RR
Former Name(s)	Sheet Metalcraft Limited
Registered Office	4 <sup>th</sup> Floor Cumberland House, 15-17 Cumberland Place, Southampton, SO15 2BG (Formerly Unit 4C, Barton Park Industrial Estate, Hampshire, SO50 6RR)
Registered Number:	02419633
Joint Administrators	Gregory Andrew Palfrey and Stephen John Adshead both of 4th Floor Cumberland House, 15-17 Cumberland Place, Southampton, SO15 2BG (IP No(s) 9060 and 8574)  In accordance with P100 (2) Sch B1 1A 86 a statement has been made authorising the Joint Administrators to act jointly and severally.  Address: 4 <sup>th</sup> Floor Cumberland House, 15-17 Cumberland Place, Southampton, SO15 2BG  Email address: sam.tovey@smithandwilliamson.com  Telephone number: 023 8082 7600
Contact details	
Date of Appointment	22 March 2018
Appointor	The directors of the Company

## II Receipts and payments account

### Receipts and payments account to 21 September 2018

Statement of Affairs		From 22/03/2018 To 21/09/2018
£		£
	<b>ASSET REALISATIONS</b>	
29,413.00	Plant & Machinery, equipment and motor vehicle	29,413.00
4,552.00	Work in progress	4,552.20
43,000.00	Book Debts	40,845.47
	Sundry refunds	20.00
	Corporation Tax Refund	698.86
	Interest on Corporation Tax Refund	5.71
4,800.00	Cash at Bank - S&W Re client account	4,800.00
	Bank Interest Gross	68.10
		<u>80,403.34</u>
	<b>COST OF REALISATIONS</b>	
	Legal fees	7,470.00
	Legal expenses	50.00
	Employee claims agent fees	1,000.00
	Destruction of records	72.50
	IT costs	537.50
	Rates	1,428.35
	Insurance of assets	411.49
	Wages & salaries	496.38
	Bank charges	5.20
		<u>11,471.42</u>
		<u><u>68,931.92</u></u>
	<b>REPRESENTED BY</b>	
	VAT Receivable	1,494.00
	RBS - Clients Deposit account (Interest Bearing)	67,437.92
		<u><u>68,931.92</u></u>

### Notes and further information required by SIP 7

- We have not yet sought approval of or drawn any other costs that would require the same approval as our remuneration.
- No payments have been made to us from outside the estate other than an invoice of £5,000 plus VAT paid by the Company, prior to our appointment as administrators, as a payment on account of our pre-appointment costs.
- Details of significant expenses paid are provided in the body of our report.
- Details of payments made to sub-contractors are shown in the body of our report.
- Information concerning our remuneration and disbursements incurred is provided in the body of the report.

- Information concerning the ability to challenge remuneration and expenses of the administration is provided in our report.
- All bank accounts are interest bearing and we will request these to be made non-interest bearing shortly.
- There are no foreign currency holdings.
- All amounts in the receipts and payments account are shown exclusive of any attributable VAT. Where VAT is not recoverable it is shown as irrecoverable VAT.

# III Time analysis for the period

From 22 March 2018 to 21 September 2018

Activity						Total		Avg Rate £ / hr
	Partner	Associate Director	Managers	Other Senior Professionals	Assistants & Support Staff	Hours	£	
<b>Administration &amp; Planning</b>								
Statutory Returns, Reports & Meetings	5.55	-	14.75	19.35	-	39.65	8,676.00	218.81
Initial post-appointment notification letters, including creditors	1.80	-	0.95	5.50	0.25	8.50	1,861.50	219.00
Cashiering general, including bonding	-	3.05	1.65	2.30	-	7.00	1,694.50	242.07
Job planning, reviews and progression	3.25	-	4.00	5.85	-	13.10	3,108.75	237.31
Post-appointment taxation	0.25	-	0.85	0.70	-	1.80	407.75	226.53
Protection of company records (incl electronic)	-	-	15.00	11.70	-	26.70	5,347.50	200.28
Insurance & General Asset Protection	-	-	4.20	0.60	-	4.80	1,029.00	214.38
Travelling	-	-	5.25	1.00	-	6.25	1,330.00	212.80
Filing, file and information management	-	-	1.00	0.20	2.45	3.65	414.25	113.49
Agents and Advisers, General	-	-	0.15	0.05	-	0.20	42.75	213.75
Admin & Planning Partner/ Manager review, approval and signing	1.05	-	4.25	-	-	5.30	1,423.75	268.63
Admin & Planning Other	-	-	16.65	0.25	-	16.90	3,722.25	220.25
	11.90	3.05	68.70	47.50	2.70	133.85	29,058.00	217.09
<b>Investigations</b>								
Directors' correspondence & conduct questionnaires	-	-	1.15	1.75	-	2.90	559.50	192.93
Statutory book and accounting records review	-	-	3.65	-	-	3.65	803.00	220.00
Investigation of legal claims	2.75	-	9.65	0.45	-	12.85	3,279.25	255.19
SIP2 and SIP4 obligations (inc CDDA86 forms)	0.25	-	-	8.50	-	8.75	1,581.25	180.71
Asset Tracing (eg Land Reg and Coy Searches)	-	-	-	0.15	-	0.15	27.00	180.00
	3.00	-	14.45	10.85	-	28.30	6,250.00	220.85
<b>Realisation of Assets</b>								
Debtors NOT FINANCED (includes reassigned debtors)	-	-	18.85	3.45	-	22.30	4,761.00	213.50
Stock	-	-	0.10	-	-	0.10	22.00	220.00
Other Chattel Assets	7.25	-	17.90	0.50	-	25.65	6,745.00	262.96
Sale of business as a whole, including liaison with legal advisers agents etc	-	-	0.10	-	-	0.10	22.00	220.00
Completion of Work in Progress	-	-	4.10	-	-	4.10	902.00	220.00
Cash at Bank	-	-	-	1.55	-	1.55	271.25	175.00
Realisation of Assets Other	1.30	-	1.90	0.80	-	4.00	1,013.25	253.31
	8.55	-	42.95	6.30	-	57.80	13,736.50	237.66
<b>Trading</b>								
Sales and Customers	-	-	-	0.05	-	0.05	9.00	180.00
Purchasing / Suppliers (not Landlord)	-	-	-	0.20	-	0.20	35.00	175.00
Staff and Payroll (inc PAYE&NIC for trading period)	-	-	0.25	-	-	0.25	55.00	220.00
Premises issues (incl Landlord and site clearance)	1.90	-	14.90	1.75	-	18.55	4,295.75	231.58
	1.90	-	15.15	2.00	-	19.05	4,394.75	230.70
<b>Creditors</b>								
Floating charge creditors	-	-	0.40	0.35	-	0.75	151.75	220.00
HP & Lease creditors	-	-	3.05	3.90	-	6.95	1,353.50	190.57
RPO and ERA Claims & Tribunals	0.25	-	8.25	5.85	-	14.35	2,947.00	175.00
Employees & pensions (other) (incl. JobCentre / CSA etc)	-	0.30	15.60	21.15	0.30	37.35	7,284.50	158.43
Crown (not RPO etc)	-	-	-	0.05	-	0.05	8.75	165.67
Unsecured creditors	6.50	0.10	7.15	13.65	3.65	31.05	6,674.00	148.20
Creditors Director/ Manager review, approval and signing	-	-	0.30	-	-	0.30	66.00	245.00
Creditors Other	0.45	-	-	0.35	-	0.80	218.75	220.00
	7.20	0.40	34.75	45.30	3.95	91.60	18,704.25	204.19
<b>Total Hours</b>	32.55	3.45	176.00	111.95	6.65	330.60		
<b>Total £</b>	12,188.00	1,058.25	38,836.50	19,628.50	432.25		72,143.50	218.22

## Explanation of major work activities undertaken

### Administration & planning

- Issue of notice to creditors, tax authorities, pension authorities and other parties as required.
- Statutory duties associated with the appointment.
- Attending the Company's former trading premises for:
  - securing, listing and boxing up the Company's books and records.
  - identifying and collating confidential waste and arranging for its removal and destruction.

- Maintaining physical case files and electronic case details on IPS (case management software).
- Case bordereau and reviews.
- Case planning, administration, and general case progression.
- Updating estimated outcome statements.
- Liaising with insurers and completing all necessary documentation and enquiries to ensure appropriate insurance cover.
- Maintaining and managing the Company's administration cash book and bank account.
- Obtaining corporation tax clearance from HMRC.
- Preparation and circulation of the administrators' statement of proposals and the administrators' first progress report.
- Preparation of notice of a decision procedure to seek fee approval from the secured and preferential creditors

#### **Investigations**

- Review of questionnaires completed by directors and creditors of the Company.
- Preparation and submission of the required CDDA online return.
- Review of the Company's documentation and emails etc.
- Liaising with the directors and Moore Blatch re director loan accounts and potential further recoveries for the benefit of creditors.

#### **Realisation of assets**

- Negotiating with potential purchasers.
- Liaising with Moore Blatch LLP and SIA Group in respect of sale of the Company's plant & equipment and office equipment.
- Identifying and selling work in progress.
- Liaising with debtors.
- Liaising with Moore Blatch LLP to pursue disputed debts.
- Liaising with the Bank to realise debtor realisations paid to the Bank post appointment.
- Liaising with Moore Blatch and the landlord's agent re the landlord's controlled goods agreement.

#### **Trading**

- The Company effectively ceased to trade on 5 March 2018, as all employees had been sent home by the directors. Subsequent to that date but prior to the administration appointment, the Company's director, Mark Benfield, together with two of the employees completed one item of work in progress. No further work was undertaken.
- Time costs recorded as premises issues relate to:
  - dealing with Moore Blatch, the Landlord and their agent in respect of the Company's leasehold premises.
  - Monitoring progress, including physical attendance, in respect of site clearance.
  - Liaising with the council re-rates due for the occupation period.

#### **Creditors**

- Maintaining creditors' information on our insolvency database.
- Dealing with correspondence from secured and unsecured creditors via post, email and telephone.
- Dealing with correspondence from former employees via post, email and telephone.
- Dealing with correspondence from our employee agents, ERA, via post, email and telephone in dealing with employee queries and claims.
- Liaising with ERA in dealing with the Company's pension claim.

# IV Original Fees estimate

Activity	Partner	Managers Hours	Other Senior Professionals	Total		Avg Rate £ / hr
				Hours	£	
<b>Administration &amp; planning</b>						
Statutory, returns, reports and meetings	2.00	3.50	8.10	13.60	2,922.50	214.89
Initial post-appointment work	1.80	0.95	5.75	8.50	1,861.50	219.00
Cashiering general, including bonding	-	2.30	1.50	3.80	878.75	231.25
Job planning, reviews and progression	2.25	2.50	4.55	9.30	2,182.25	234.65
Post-appointment taxation	-	1.60	1.15	2.75	563.25	204.82
Protection of company records	-	15.00	11.40	26.40	5,295.00	200.57
Insurance and general asset protection	-	3.80	0.40	4.20	906.00	215.71
Travelling	-	5.25	1.00	6.25	1,330.00	212.80
File and information management	-	1.00	2.00	3.00	372.00	124.00
Partner/ manager review approval and signing	0.30	3.50	-	3.80	881.25	231.91
Administrative, Other	-	1.50	-	1.50	330.00	220.00
Sub-Total	6.35	40.90	35.85	83.10	17,522.50	210.86
<b>Investigations</b>						
Directors' correspondence & conduct questionnaires	-	-	1.05	1.05	183.75	175.00
SIP 2 and SIP 4 obligations	1.25	2.50	7.50	11.25	2,331.25	207.22
Sub-Total	1.25	2.50	8.55	12.30	2,515.00	204.47
<b>Realisation of assets</b>						
Debtors	1.00	17.20	3.95	22.15	4,845.25	218.75
Stock	-	0.10	-	0.10	22.00	220.00
Other chattel assets	7.25	17.45	0.35	25.05	6,619.00	264.23
Sale of business as a whole, including liaison with legal advisers agents etc	-	0.10	-	0.10	22.00	220.00
completion of work in progress	-	4.10	-	4.10	902.00	220.00
Cash at bank	-	-	0.50	0.50	87.50	175.00
Realisation of Assets, Other	1.30	1.90	-	3.20	873.00	272.81
Sub-Total	9.55	40.85	4.80	55.20	13,370.75	242.22
<b>Trading</b>						
Purchasing / Suppliers (not Landlord)	-	-	0.15	0.15	26.25	175.00
Staff and payroll (including PAYE/NIC)	-	0.25	-	0.25	55.00	220.00
Premises issues (inc. landlord and site clearance)	2.40	15.85	0.60	18.85	4,485.75	237.97
Sub-Total	2.40	16.10	0.75	19.25	4,567.00	237.25
<b>Creditors</b>						
Floating charge creditors	0.25	1.00	2.00	3.25	667.50	205.38
HP and lease creditors	-	3.05	3.40	6.45	1,266.00	196.28
RPO and ERA claims and tribunals	0.50	4.85	8.55	13.90	2,749.50	197.81
Employees and pensions (other)	-	11.60	11.95	23.55	4,637.75	196.93
Unsecured creditors	0.50	6.05	15.50	22.05	3,962.00	179.68
Creditors, other	0.45	-	0.35	0.80	218.75	273.44
Sub-Total	1.70	26.55	41.75	70.00	13,501.50	192.88
<b>Total Hours</b>	<b>21.25</b>	<b>126.90</b>	<b>91.70</b>	<b>239.85</b>		
<b>Total £</b>	<b>7,762.50</b>	<b>28,203.75</b>	<b>15,510.50</b>		<b>51,476.75</b>	<b>214.62</b>

## Notes

The following gives a summary of our original estimates, and the actual time costs incurred as at 21 September 2018 for ease of comparison:

Task	Estimated fees to be incurred	Actual fees incurred
		£
Administration and Planning	17,522.50	29,058.00
Investigations	2,515.00	6,250.00
Realisation of Assets	13,370.75	13,736.50

Task	Estimated fees to be incurred	Actual fees incurred £
Trading	4,567.00	4,394.75
Creditors	13,501.50	18,704.25
<b>Total</b>	<b>51,476.75</b>	<b>72,143.50</b>

The material differences between our original estimates and what has actually been incurred as at 21 September 2018 can be explained as follows:

**Administration and planning (£11,535.50 underestimated)**

Our time costs in dealing with Administration and planning has been underestimated due to the following reasons:

- Securing, listing and boxing up of the Company's books and records.
- Obtaining fee approval from secured and preferential creditors.
- Dealing with GDPR requirements.
- Dealing with the directors' request for a creditors' committee and request for decision procedure to approve the administrators' proposals.
- Dealing with the collection of the Company's motor vehicle and liaising with vehicle finance creditor and their solicitors.
- Dealing with correspondence from the Office for National Statistics.
- Dealing with the Company's redirected mail.

**Investigations (£3,735.00 underestimated)**

Out time costs in dealing with Investigations have been underestimated due to the following reason:

- Liaising with the directors and Moore Blatch re potential further recoveries for the benefit of the creditors.

**Creditors (£5,202.75 underestimated)**

Our time costs in dealing with Creditors have been underestimated due to the following:

- Liaising with the Company's accountants re payroll queries.
- Liaising with the secured creditor.
- Liaising with the Company's pension provider, NEST, ERA Solutions and the RPS in respect of the completion and submission of a claim for payment of unpaid pension contributions.
- Dealing with unsecured and preferential creditor queries.



# V Staffing, charging, subcontractor and adviser policies and charge out rates

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## Introduction

Detailed below are:

- Smith & Williamson LLP's policies in relation to:
  - Staff allocation and the use of subcontractors
  - Professional advisers
  - Disbursement recovery
- Smith & Williamson LLP's current charge out rates

## Staff allocation and the use of subcontractors

Our general approach to resourcing our 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 and a partner or director or associate director as joint office holders, a manager, and an administrator or assistant. 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. The charge out rate schedule below provides details of all grades of staff and their experience level.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services utilised in the period covered by this report are set out in the body of this report.

## Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including:

- The industry and/or practice area expertise required to perform the required work.
- The complexity and nature of the assignment.
- The availability of resources to meet the critical deadlines in the case.
- The charge out rates or fee structures that would be applicable to the assignment.
- The extent to which we believe that the advisers in question can add value to the assignment.

## 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 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 approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may

include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Since 7 July 2012 Smith & Williamson LLP's policy is to recover only one type of Category 2 disbursement, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 disbursements.

Details of any Category 2 disbursements incurred and/or recovered in the period covered by this report are set out in the body of this report.

## Charge out rates

A schedule of Smith & Williamson LLP's charge out rates was issued to creditors at the time the basis of the administrators' remuneration was approved.

The rates applicable to this appointment are set out below. Changes to the charge out rates during the period of this report were applied with effect from 1 July 2018.

Smith & Williamson LLP Restructuring & Recovery Services Charge out rates	London office £/hr		Regional offices £/hr	
	From	From	From	From
	1/7/17	1/7/18	1/7/17	1/7/18
Partner / Director (from 1 January 2016)	435-500	450-520	350-375	360-380
Associate Director	390-410	420	295-315	290-320
Managers	250-350	250-365	190-310	225-310
Other professional staff	160-305	170-320	120-180	140-185
Support & secretarial staff	80-170	90	60-135	60-140

## Notes

1. Time is recorded in units representing 3 minutes or multiples thereof.
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
3. The firm's cashiering function is centralised and London rates apply. The cashiering function time is incorporated within "Other professional staff" rates.

[www.smithandwilliamson.com](http://www.smithandwilliamson.com)

**Principal offices:** London, Belfast, Birmingham, Bristol, Cheltenham, Dublin, Glasgow, Guildford, Jersey, Salisbury and Southampton.

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