



For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 1 1 1 0 4 9 3 2

Company name in full RODAN PROCESS SOLUTIONS LIMITED

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

### 2 Administrator's name

Full forename(s) Mark Grahame

Surname Tailby

### 3 Administrator's address

Building name/number 109 Swan Street

Street Sileby

Post town Leicestershire

County/Region

Postcode L E 1 2 7 N N

Country

### 4 Administrator's name ①

Full forename(s) Graham Stuart

Surname Wolloff

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

### 5 Administrator's address ②

Building name/number 109 Swan Street

Street Sileby

Post town Leicestershire

County/Region

Postcode L E 1 2 7 N N

Country

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

# AM10

## Notice of administrator's progress report

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### Period of progress report

From date	<sup>d</sup> 2	<sup>d</sup> 5	<sup>m</sup> 0	<sup>m</sup> 2	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0	
To date	<sup>d</sup> 2	<sup>d</sup> 4	<sup>m</sup> 0	<sup>m</sup> 8	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0	


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### Progress report

☒ I attach a copy of the progress report

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### Sign and date

Administrator's signature	Signature X 	X							
Signature date	<sup>d</sup> 2	<sup>d</sup> 2	<sup>m</sup> 0	<sup>m</sup> 9	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0	

# 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 Andrew Ridgley
Company name	Elwell Watchorn & Saxton LLP
Address	109 Swan Street
	Sileby
Post town	Leicestershire
County/Region	
Postcode	L E 1 2 7 N N
Country	
DX	
Telephone	01509 815150



### 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)



ELWELLWATCHORN SAXTON

**Private and Confidential**

**TO ALL KNOWN CREDITORS AND MEMBERS**

Our ref MGT.CAR.ROD01

Your ref

Date 22 September 2020

Dear Sirs

**RODAN PROCESS SOLUTIONS LIMITED ("the Company")  
IN ADMINISTRATION**

**In the High Court of Justice, Business & Property Courts of England and Wales, Insolvency  
and Companies Lis Number CR-2020-001360 of**

This is my report on the progress of the Administration of the Company for the six month period from 25 February 2020 to 24 August 2020. The report should be read in conjunction with the Joint Administrators' proposals.

Elwell Watchorn & Saxton LLP uses personal information in order to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how Elwell Watchorn & Saxton LLP uses your personal information on our website at [www.ewslip.co.uk](http://www.ewslip.co.uk).

If creditors have any queries regarding the conduct of the Administration, or if they want hard copies of any of the documents made available on-line, they should contact Craig Andrew Ridgley on 01509 815150, or by email at [c.ridgley@ewslip.co.uk](mailto:c.ridgley@ewslip.co.uk).

Finally, please note that the affairs, business and property of the Company are being managed by the Joint Administrators, Mark Grahame Tailby and Graham Stuart Wolloff. The Joint Administrators act as agents of the Company and contract without personal liability.

Yours faithfully

**Mark Grahame Tailby  
JOINT ADMINISTRATOR**

Licensed in the United Kingdom to act as an insolvency practitioner by  
the Insolvency Practitioners Association

**Tel**

**Fax**

**Email**

**Web**



## **RODAN PROCESS SOLUTIONS LIMITED (“the Company”) – In Administration**

### **ADMINISTRATORS’ PROGRESS REPORT TO CREDITORS**

**For the six months ending 24 August 2020**

#### **STATUTORY INFORMATION**

Company name:	RODAN PROCESS SOLUTIONS LIMITED
Formerly known as:	
Court name and reference:	High Court of Justice, Business & Property Courts of England and Wales, Insolvency and Companies List CR-2020-001360
Registered office:	109 Swan Street, Sileby, Loughborough, Leicestershire, LE12 7NN
Former registered office:	Suite 3, Waterside Business Centre, Canal Street, Leigh, WN7 4DB
Registered number:	11104932
Joint Administrators’ names;	Mark Grahame Tailby and Graham Stuart Wolloff
Joint Administrators’ address:	109 Swan Street Sileby Leicestershire LE12 7NN
Joint Administrators’ date of appointment:	25 February 2020
Actions of Administrators	Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.

#### **ADMINISTRATORS’ ACTIONS SINCE APPOINTMENT**

For reasons disclosed in the Joint Administrators’ proposals, the company ceased to trade on the date of our appointment and the objective of the administration being pursued was that of 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). A sale of the company’s intangible assets was entered into with Orthios Technologies Limited on 24 March 2020 and we believe that this sale assisted in the achievement of that objective. Subsequently, we have also sought to realise the Company assets that did not form part of this sale. Additionally, there were concerns raised by creditors over the affairs of the company and the conduct of the directors. As required, we have sought to investigate these concerns to determine whether there are any actions available that may lead to recoveries for the benefit of the Company creditors. Further details of these matters are provided in the body of the report below.

In addition, there is certain work that I am required by the insolvency legislation to undertake in connection with the Administration that provides no financial benefit for the creditors. A description of the routine work undertaken since my appointment as Administrator is contained in Appendix 2.

## RECEIPTS AND PAYMENTS ACCOUNT

My Receipts & Payments Account for the period from 25 February 2020 to 24 August 2020 is attached at Appendix 1.

The balance of funds are held in an interest bearing estate bank account.

## ASSETS

### Intangible Assets

As disclosed in the proposals, the Company's signed contracts contained various clauses which prevented the marketing of the Company's intellectual property and contracts with third parties. Hilco, an independent firm of valuers with adequate professional indemnity insurance, had been engaged to advise on the asset sale and had confirmed that the only offer that had been received would likely represent the best return to creditors, as it was unlikely that any alternate offers would be obtained within the requisite timeframe to allow the completion of the contract.

A sale was therefore completed on 24 March 2020 to Orthios Technologies Limited for a Consideration of £30,000 (excluding VAT) as follows:

- Contracts - £14,999.50
- Business Intellectual Property Rights - £1.00
- Seller's records - £14,999.50

The SPA specifically excluded various assets of the Company, the main ones being:

- cash at bank and in hand;
- book debts;
- all policies of insurance and assurance and any actual or potential claim under such policies or similar contracts or in damages against any third party;
- the benefit of any actual or potential claim, or right to make a claim, against any person (other than claims under or in connection with the Contracts) including the proceeds of any litigation;
- any shares or other securities owned by the Company; and
- any plant, equipment, machinery, stock or motor vehicles owned or used by the Company.

### Accounts Receivable

This related to stage payments due under the terms of the contract that was being undertaken by the Company. As disclosed in the proposals, a counter claim has been received from Orthios Otech5 Limited which is significantly in excess of the stage payments owed. It is therefore unlikely that any realisations will be achieved in this regard, but our position is reserved until creditor claims are determined, should this prove applicable.

### Cash at Bank

Upon closure of the company bank accounts, the credit balance in the sum of £533.59 and this was in line with the original estimate on the statement of affairs of £529.32.

### Prepayments

This related to two separate deposits that were made to suppliers by the Company. We have made contact with both suppliers seeking repayment of these monies.

The first related to the payment of a deposit to a dealer who was to source an item of machinery for the company. As the company had failed to pay the purchase price in full, the item of machinery was ultimately sold to another party. The dealer has claimed that even though the item of machinery was not ultimately purchased by the Company, the deposit was non-refundable, although the documentation supplied to date in support of this claim is not conclusive. We therefore continue to investigate whether there are any sums realisable.

The second related to payment in respect of settlement of a proforma invoice for the purchase and modification of an item of equipment that mainly comprised labour costs. Hilco independently valued this item of equipment and an offer was received in the sum of £10,000 plus VAT which they advised should be accepted and as such the sale of the item was subsequently sold. The sales consideration has been received by our agent and this is to be imminently paid to the administration estate.

#### The Engineering of Sweden Filial Loan

According to the statement of affairs, the sum of £938,600 was loaned to a seemingly unrelated company in Sweden. It is still not clear as to the exact reasoning for the loan and we have been informed by the directors that no formal agreement was prepared in relation to the loan. We wrote to the debtor seeking repayment and a response was received accepting liability for the debt but claiming that the debtor was not currently in a financial position to make repayment of this. It was ascertained that the director of the Swedish company had also provided a personal guarantee in respect of the debt. A Swedish law firm, Engelska Jurist Companiet, were engaged to provide advice in relation to the recoverability of the debt. A formal demand for payment was issued to the guarantor but no response or payment was received. Legal action was taken to seek to enforce the debt but due to the issues with Coronavirus there has been a delay on the serving of the required legal documents on the defendant. We continue to liaise with the appointed legal advisors over the progress of the recovery action.

#### Work in Progress

This related to payments made to a key supplier of the Company totalling approximately £74,628 for a particular item of equipment that was needed on site. The item had not been paid for in full leaving a balance outstanding. Following our appointment, we received a retention of title claim from this particular supplier's appointed legal advisor who claimed that the contract was not subject to English law but that of another EU country. We understand that the retention of title claim has been resolved between the supplier and purchaser of the item of equipment. We cannot provide further details due to confidentiality issues, but we can confirm that there will be no realisations for the benefit of the Company's creditors.

### **LIABILITIES**

#### Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies, showed that the Company has granted fixed and floating charges over its assets to Orthios Otech5 Limited. The charge was created on 18 December 2019 and registered on 20 December 2019. A claim has been received from the secured creditor in the sum of £25,254,230.09. The claim comprised 3 main elements which were liquidated damages under the terms of the contract, the return of sums due under phase one of the contract and repayment of loan monies plus interest. We are yet to seek to adjudicate on the claim received for distribution purposes and only propose to do so once there have been sufficient realisations for a distribution to be paid to the secured creditors. At such time it may be necessary to seek legal advice over the value of the claim.

The legislation requires that if the Company has created a floating charge after 15 September 2003, a prescribed part of the Company's net property (i.e. the money that would otherwise be available to the charge holder) should be ring-fenced for distribution to unsecured creditors.

#### Preferential Creditors

The statement of affairs anticipated £9,990.00 in preferential creditors which represented the directors estimate of the wages and holiday pay due to the Company's sole employee. We have subsequently calculated the employee's claim based on the information we have been provided and estimate that the preferential claims will likely be in the region of £3,592.00. We can confirm that a preferential claim has been received from the Redundancy Payments Office in the sum of £193.13, but we are yet to determine the value of any preferential balancing claim due to the employee and only propose to do so should realisations allow a dividend to be paid to the preferential creditors.

#### Crown Creditors

The statement of affairs included £331,851.14 owed to HMRC. HMRC's provisional claim of £360,031.05 has been received.

#### Non-preferential unsecured Creditors

The statement of affairs included 18 non-preferential unsecured creditors with an estimated total liability of £2,039,692. We have received claims from 12 creditors at a total of £23,576,272. I have not received claims from 8 creditors with original estimated claims in the statement of affairs of £1,192,432.

The increase in claims principally relates to claims received from two of the company suppliers in the sums of £19,655,000 and £3,026,569 which included claims for damages. We are yet to seek to

adjudicate on these claims for dividend purposes and again only propose to do so should realisations allow a dividend to be paid to the non-preferential creditors.

## **DIVIDEND PROSPECTS AND ALLOCATION OF COSTS**

### Fixed charge creditors

As disclosed in the proposals, the realisations achieved in respect of the intellectual property are subject to the fixed charge security granted to Orthios Otech5 Limited. It was agreed with the fixed charge creditor that those costs that were directly attributable to the realisation of the fixed charge assets could be paid from the realisations achieved.

The following costs are those incurred to date that are directly attributable to the realisation of the company's assets subject to a fixed charge. As such they have either been paid from, or have been allocated for future payment against, fixed charge realisations as follows:

Details of Expenditure	Amount paid £	Amount allocated, yet to be paid £
Hilco – Agents & Valuers Fees	3,500.00	0.00
Howes Percival – Legal advice and services in relation to the sale of the Company's intangible assets and drawing up the necessary sales agreement.	9,154.90	0.00
Elwell Watchorn & Saxton LLP – Pre-Appointment Costs drawn from fixed charge realisations in accordance with the terms of the engagement letter signed by the appointing secured creditor	10,000.00	0.00
Elwell Watchorn & Saxton LLP – Post Appointment time costs in relation to fixed charge realisations	0.00	7,955.00

### Preferential creditors

The payment of a dividend to the preferential creditors is dependent on future asset realisations as detailed above. As these realisations are uncertain it is not possible to provide a meaningful estimate on the quantum or timing of any dividend that may be paid.

### Floating charge creditors

The following costs are general costs of the Administration incurred to date that are not directly attributable to the realisation of the fixed charge assets or directly relate to the realisation of floating charge assets. As a result, I have allocated them for future payment against, floating charge realisations as detailed below.

Details of Expenditure	Amount paid £	Amount allocated, yet to be paid £
Statutory Advertising	171.70	0.00
Professional Fees – Harrison Salmon	350.00	0.00
Software Costs	59.00	0.00
Storage and destruction of records	59.00	0.00
Postal Re-Direction	0.00	422.00
Document Hosting	0.00	10.00
Elwell Watchorn & Saxton LLP – Post appointment time costs excluding fixed charge realisation costs	0.00	53,661.60
Legal Fees in Relation to realisation of floating charge assets and challenge to voting on proposals	0.00	10,000.00
Legal Fees in Relation to Issuing Proceedings in Sweden	0.00	500.00



As previously advised, the Company gave a floating charge to Orthios Otech5 Limited on 18 December 2019 and the prescribed part provisions will apply. Based on information currently available, whilst we are yet to formally adjudicate on the claim of Orthios Otech5 Limited for distribution purposes, it appears unlikely that floating charge realisations will be sufficient to allow the payment of their claim in full. It therefore appears likely that there will be insufficient realisations to allow a dividend to be paid to the non-preferential creditors save for under the Prescribed Part Provisions. As the value of the floating charge assets that will be realised is currently uncertain, it is not possible to provide an accurate estimate of the net property of the company or therefore the likely value of the Prescribed Part.

## **INVESTIGATION INTO THE AFFAIRS OF THE COMPANY**

I undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved. I am required by the Statements of Insolvency Practice to undertake such an initial investigation and the work detailed below has been undertaken in connection with that initial investigation. In particular, I considered the circumstances surrounding the loan paid to The Engineering of Sweden Filial and the potential avenues for recovery. Specifically, I recovered, listed and reviewed the Company's accounting records; obtained and reviewed copy bank statements for the 12 months prior to the Company ceasing to trade from the Company's bankers; and compared the information in the Company's last set of accounts with that contained in the statement of affairs lodged in the Administration to ascertain the reasons for the changes. I have also reviewed the position in relation to the loans with related companies.

We can confirm that our investigations are ongoing, but we do not propose to disclose the specific nature of these enquiries at this stage to avoid prejudicing any legal actions that may become necessary.

Within three months of my appointment as Administrator, I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present Director would make them unfit to be concerned with the management of the Company. I would confirm that my report has been submitted.

Matters requiring further investigation that may lead to potential recovery actions have been identified, and the work outlined above was undertaken to further those investigations with a view to making recoveries for the benefit of the creditors.

## **PRE-ADMINISTRATION COSTS**

On 05 June 2020 the following pre-administration costs of Elwell Watchorn & Saxton LLP in the sum of £10,000 were approved by the Creditors' Committee. As agreed in the initial engagement letter with the secured creditor, this sum was paid from the realisations achieved in respect of the fixed charge asset.

The pre appointment costs of our agents, as detailed in the proposals, have also been paid from the fixed charge realisations.

## **ADMINISTRATORS' REMUNERATION**

My remuneration, excluding that incurred in respect of fixed charge realisations, was approved by the creditors committee on 05 June 2020 on a time cost basis based on a fee estimate of £76,760.80. The fee estimate acts as a cap and I cannot draw remuneration in excess of that estimate without first seeking approval from Creditors' Committee. My total time costs to 24 August 2020 amount to £53,560.50 and £7,955.00 in respect of realising the fixed charge assets, representing 305.1 and 35.8 of hours work respectively at a blended charge out rate of £175.55 and £222.21 per hour. The actual blended charge out rate incurred compares with the estimated blended charge out rate of £192.00 in my fees estimate.

We have yet to draw any remuneration in this matter.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. A copy of 'A Creditors Guide to Administrators' Fees' also published by R3, <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/> Please note that there are different versions of the Guidance Notes and in this case you should refer to the April 2017 version.

## ADMINISTRATORS' EXPENSES

We have incurred total expenses of £670.00 since our appointment as Joint Administrators.

Type of expense	Amount incurred/ accrued in the reporting period
Insolvency Bond	£220.00
Statutory Advertising	£171.70
Postal Re-Direction	£422.00
Document Hosting	£10.00
Software Costs	£29.50
Storage & Destruction of Records	£59.00

I have used the following agents or professional advisors in the reporting period:

Professional Advisor	Nature of Work	Basis of Fees
Hilco	Valuer/Auctioneer	Time Costs
Howes Percival	Solicitors – Advice in relation to sale of company assets	Time Costs + Disbursements
Harrison Salmon	Accountancy Fees	Fixed Fee
Engelska Jurist Companiet	Legal Fees – Issuing of Proceedings in Sweden	Fixed Fee

The choice of professionals used was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. I have reviewed the fees charged and am satisfied that they are reasonable in the circumstances of this case.

### *Hilco*

Were engaged to value the company assets and to provide advice in relation to their sale. During the period the sum of £3,500 has been paid to them in relation to their time costs for doing so.

### *Howes Percival*

Were initially engaged to provide advice and assistance in relation to the sale of the company assets and in drawing up the necessary sales agreement. It was agreed that they would be paid on a time costs basis plus disbursements for court fees and travelling costs. As disclosed in the proposals, their combined pre and post appointment costs for doing so amounted to £9,154.50 and this has been paid out of the fixed charge realisations achieved.

Subsequently they were also engaged to provide advice in relation to the realisation of the remaining company assets in particular the loan to The Engineering of Sweden Filial. They were also engaged to provide advice in relation to the valuation of the votes received in relation to the voting on the Joint Administrators Proposals and a subsequent application to challenge the voting. It was agreed that they would be paid on a time costs basis for this work. It is estimated that to date these time costs amount to circa £10,000.00 but the quantum of any further time costs is dependent on the work that becomes necessary in respect of these matters.

### *Harrison Salmon*

The former company accountants were engaged to close down the company payroll, submit the necessary returns in relation to pension contributions and to produce the necessary P45 for the employee. It was agreed that they would be paid a fixed fee of £350.00 for this service.

### *Engelska Jurist Companiet*

Were engaged to assist in the issuing of legal proceedings against the debtor in Sweden. It was agreed that they would be paid a fixed fee of £500 for this service.

As at 24 August 2020 I do not anticipate that the expenses I will incur in this matter will significantly exceed the total expenses I estimated I would incur when my remuneration was authorised by the Creditors Committee save for the anticipated legal costs due to the additional legal work required as a result of the application to Court to challenge the decision in relation to the voting on the Joint Administrators' proposals.

## **FURTHER INFORMATION**

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the Administrator's remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Administrator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

To comply with the Provision of Services Regulations, some general information about Elwell Watchorn & Saxton LLP can be found at [www.ewslp.co.uk](http://www.ewslp.co.uk)

## **SUMMARY**

The Administration will remain open until the following matters have been finalised. I estimate that this will take approximately up to 12 months and should this prove to be the case then it may become necessary to seek an extension of the administration by the consent of the creditors committee. Depending on the levels of realisations achieved, the exit route from the administration will either by way of dissolution of the company or should realisations allow a dividend to be paid to the non-preferential creditors, other than by virtue of the prescribed part, then the administration will be converted to a Liquidation, as approved in the proposals.

If creditors have any queries regarding the conduct of the Administration, or if they want hard copies of any of the documents made available on-line, they should contact Craig Andrew Ridgley by email at [c.ridgley@ewslp.co.uk](mailto:c.ridgley@ewslp.co.uk), or by phone on 01509 815150.



**Mark Grahame Tailby**  
**JOINT ADMINISTRATOR**

The affairs, business and property of the Company are being managed by the Joint Administrators, Mark Grahame Tailby and Graham Stuart Wolloff. The Joint Administrators act as agents of the Company and contract without personal liability.

**RODAN PROCESS SOLUTIONS LIMITED**  
**(In Administration)**  
**Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £	From 25/02/2020 To 24/08/2020 £	From 25/02/2020 To 24/08/2020 £
	SECURED ASSETS	
	Intangible Assets	30,000.00
		30,000.00
	COSTS OF REALISATION	
	Office Holders Fees	10,000.00
	Legal Fees / Disbs	9,154.90
	Agents/Valuers Fees Disbs	3,500.00
	Insurance	263.92
		(22,918.82)
	SECURED CREDITORS	
(250,000.00)	Orthios OTECH5 Limited	NIL
		NIL
	ASSET REALISATIONS	
350,151.48	Accounts Receivable	NIL
	Bank Interest	4.38
529.32	Cash at Bank	533.59
35,573.27	Prepayments	NIL
1,004,419.93	The Engineering of Sweden Filial Loan	NIL
606,605.00	Work in Progress	NIL
		537.97
	COST OF REALISATIONS	
	Advertising	85.85
	Professional Fees	350.00
	Software Costs	29.50
	Storage and destruction of records	59.00
		(524.35)
	PREFERENTIAL CREDITORS	
(9,987.52)	Employee Arrears/Hol Pay	NIL
		NIL
	UNSECURED CREDITORS	
(331,851.14)	HMRC	NIL
(264,902.72)	Loans	NIL
(1,442,938.45)	Trade & Expense Creditors	NIL
		NIL
<b>(302,400.83)</b>		<b>7,094.80</b>
	REPRESENTED BY	
	Bank 1 Current	8,468.95
	Fixed Charge Vat Payable	(6,000.00)
	Fixed Charge Vat Receivable	1,820.98
	Vat Receivable	2,804.87
		<b>7,094.80</b>

## Appendix 2

### 1. Administration

This represents the work involved in the routine administrative functions of the case by the office holder and their staff, together with the control and supervision of the work done on the case by the office holder and their managers. It does not give direct financial benefit to the creditors, but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow.

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
- Setting up physical/electronic case files
- Setting up the case on the practice's electronic case management system and entering data.
- Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment.
- Obtaining a specific penalty bond.
- Convening and holding a meeting of creditors to obtain the approval of the Administrators' proposals.
- Dealing with all routine correspondence and emails relating to the case.
- Opening, maintaining and managing the office holder's estate bank account.
- Creating, maintaining and managing the office holder's cashbook.
- Undertaking regular bank reconciliations of the bank account containing estate funds.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Preparing, reviewing and issuing the Joint Administrator's Proposals
- Filing returns at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.
- Drafting and issuing Joint Administrators' proposals
- Dealing with necessary decision procedure over acceptance of the proposals and discussions with legal advisor over the votes received
- Dealing for formation of creditors committee and associated required returns
- Organising and holding meetings of the creditors committee
- Preparing necessary minutes following meetings of the committee

### 2. Creditors

Employees - The office holder needs to deal with the ex-employees in order to ensure that their claims are processed appropriately by the Redundancy Payments Office (RPO). The office holder is required to undertake this work as part of their statutory functions.)

Claims of creditors - the office holder needs to maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. The office holder also needs to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holder is required to undertake this work as part of his statutory functions.

- Dealing with dismissal of employee at time of appointment
- Obtaining information from the case records about employee claims.
- Completing documentation for submission to the Redundancy Payments Office.
- Corresponding with employee regarding their claims.
- Liaising with the Redundancy Payments Office regarding employee claims.
- Arranging closing down of payroll and issuance of P45s
- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.
- Providing updates to secured creditor as required including various conference calls
- Dealing with queries raised by suppliers at the time of appointment and advising on consequences of administration.

### 3. Investigations

- Uplift of books and records of the company and arranging access to company's cloud based accounting system
- Review of the company's records including the initial assessment required by Statement of Insolvency Practice 2.
- Establishing any secondary information requirements
- Liaison with former company officers and former company advisors
- Undertaking the necessary investigational work to establish the legitimacy or otherwise of any potential issues identified in the initial SIP2 review including any necessary follow up
- Discussions, planning and advice in respect of any potential outcomes
- Preparation of content and submission of the confidential report to The Insolvency Service regarding the conduct of the directors
- Liaison with Insolvency Service over report, records and meetings
- Consideration of the possible actions necessary to take as liquidator
- Reviewing circumstances surrounding the loan granted to the Engineering Company of Sweden Filial and liaising with appointed solicitor
- Reviewing and analysing statements received from company bankers.
- Reviewing transactions on related party loan accounts
- Progressing any identified issues to closeout

### 4. Realisation of assets – Floating Charge

- Arranging necessary insurance cover over the company assets
- Liaising with agents /solicitors
- Liaison with solicitors over legal matters associated with the assets in the case
- *Dealing with RoT claims received from suppliers*
- *Reviewing position in relation to prepayments and liaising with debtors over return of deposits and provision of sufficient documentation to support the counter claims received*
- *Adjudicating on counter claims received in respect of deposits paid*
- *Seeking to realise value in relation not pre-payment made for pumps and liaising with agent over proposed sale*
- *Liaising with banks over closure of accounts*
- *Discussing realisation of The Engineering Company of Sweden Filial loan with appointed legal advisors*
- *Seeking to instigate recovery proceedings against the guarantor of the loan*

### Realisation of assets – Fixed Charge

- *Liaising with agent and purchaser over terms of the proposed sale of the intellectual property*
- *Liaising with solicitor over production of necessary sales agreement and agreement of suggested amendments*

## **SCHEDULE OF REMUNERATION AND CASE EXPENSES; WITH FURTHER INFORMATION**

It is the firm's policy that all staff involved on an assignment will record all time spent on dealing with matters arising on that client and that the time will be categorised to show the type of activity carried out. The charge out rates of licensed insolvency practitioners, directors and managers do not therefore include provisions for time spent by secretaries, cashiers and support staff. From 1 October 2015, additional categories of staff activity have been introduced to facilitate more detailed reporting where it is appropriate to do so.

Irrespective of any basis of remuneration agreed, the legislation requires that time spent by all staff on a case is recorded. The recorded time cost is calculated by multiplying the time spent by the individual by their charge-out rate. Time is recorded in units of 6 minutes, with 10 units making up each hour of time spent. Charge-out rates are reviewed annually and are subject to change without prior notice. Full details of the rates applied to a specific case are available on application.

Although for most appointments, the legislation allows the office holder to seek to be remunerated on a combination of any or all of the following bases;

- a. A time cost basis
- b. A percentage of the value of the property dealt with by the office holder (realisations and / or distributions)
- c. A fixed fee

it is the Firm's current policy to seek remuneration on (a) a time cost basis for insolvent appointments.

The arrangements regarding office holder remuneration do not however apply to Members Voluntary Liquidations (MVL's), Company Voluntary Arrangements (CVA's) or Individual Voluntary Arrangements (IVA's). In MVL's, the company members agree the fee basis, usually as a fixed fee. In VA's, the fee basis is incorporated in the arrangement proposal which creditors agree when they approve the arrangement.

Office holders remuneration is subject to VAT with the exception of VA's which are VAT exempt.

The Firm has five grades of staff (including the office holder) as detailed below. The office holder ensures that case assignments have been carried out by appropriate grades of staff. The charge-out rates of the persons involved in this case from commencement to the current time are as follows:-

	<b>LONDON</b> <b>Charge-out rate at</b> <b>commencement</b> <b>(up to £ per hour)</b>	<b>OTHER OFFICES</b> <b>Charge-out rate at</b> <b>commencement</b> <b>(up to £ per hour)</b>
Licensed Insolvency Practitioner	395.00	295.00
Director / Senior Manager	295.00	200.00
Manager	225.00	150.00
Other Professionals	150.00	135.00
Administrative Staff	100.00	65.00

Each staff member involved in the case records actual time spent in a computerised time recording system together with a narrative describing the actual work undertaken. Work is analysed by prescribed task descriptors which are recorded under the following standardised categories;

- Administration (including statutory reporting)
- Investigations
- Realisation of assets
- Trading
- Creditors (claims and distribution)

In seeking approval to be remunerated on a time costs basis, the office holder must provide a fee estimate to the creditors which then acts as a cap to ensure that the fees subsequently drawn cannot exceed the fee estimate without the office holder seeking further approval. The office holder must also provide details of the work intended to be undertaken together with details of the hourly rates proposed to be charged and an estimate of the time envisaged being taken to complete the required work. The office holder will also state whether it is envisaged at this stage whether there may be a future need to

seek approval to exceed the original estimate and any reasons for which this could become necessary. To simplify matters, the estimated charges may be presented using a 'blended' (an average time cost) rate for the work carried out detailed in the fee estimate.

Should the office holder subsequently need to seek authority to draw fees in excess of the original fees estimate, details will be provided which include reasons why the original estimate has been or is likely to be exceeded, details of any additional work required to be undertaken, the hourly rates proposed and an estimate of the additional time envisaged being taken to complete the identified work. The office holder will again state whether it is envisaged at this stage whether there may be a future need to seek approval to exceed the estimate and any reasons for which this could become necessary.

Sufficient information will be provided about the appointment to demonstrate how the fee estimate reflects the requirements of the case. This will include any responsibility of an exceptional nature on the office holder, the effectiveness with which functions are carried out and the value and nature of the property dealt with by the office holder.

A guide to help creditors understand the law and their rights in relation to an insolvency process can be found at:-

<http://www.creditorinsolvencyguide.co.uk>

Additional information regarding how the Insolvency Practitioner will be paid can be downloaded under "Fees" at:-

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29114/page/1/guide-to-liquidators-fees/>

Alternatively, a creditor may obtain a printed copy by contacting this office directly.

#### **Disbursements**

Disbursements incurred by the office holder in connection with the case must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

Category 1 - disbursements not requiring approval represent a re-charge to the estate for direct costs, payable to independent third parties, specifically incurred in the administration of the estate. In certain instances these costs were initially met from the firm's resources due to the lack of funds available at the time that payment was due.

#### **Declaration regarding treatment of VAT and accruals**

In accordance with Statement of Insolvency Practice 7, all entries are shown net of VAT, with VAT recorded on a separate line. The receipts and payments account discloses all receipts and payments in the reporting period. However, there may be additional accrued expenditure due in respect of storage of company records and postage, stationery, telephone, mileage and external disbursements. These charges will be drawn upon case closure in accordance with the resolution already approved by creditors.

#### **Approved fees estimate and current time costs**

##### **Fees estimate approved by creditors**

The table below is the estimate previously provided (and approved) of the total time and associated time costs anticipated for the work for which we sought to be remunerated on a time costs basis.

<b>Work category</b>	<b>Estimated total hours</b>	<b>Estimated time cost £</b>	<b>Blended rate £</b>
Administration (including statutory reporting)	144.90	27,820.80	
Investigations	57.40	11,020.80	
Realisation of assets	135.90	26,092.80	
Creditors (claims and distribution)	61.70	11,846.40	
<b>Totals</b>	<b>399.90</b>	<b>76,780.80</b>	<b>192.00</b>



This estimate was based on the information available at the time to the office holder. Whilst every care was taken to ensure the accuracy of the data presented, it was based on the information presented to the office holder and the experience of the office holder in dealing with cases of a similar level of complexity.

### **Time costs**

The time costs during the course of our administration for the period covered by this report are summarised below:-.

<b>Work category</b>	<b>Licensed Insolvency Practitioner hours</b>	<b>Director/ Senior Manager hours</b>	<b>Manager hours</b>	<b>Professional staff hours</b>	<b>Admin staff hours</b>	<b>Total hours</b>	<b>Time cost £</b>	<b>Average hourly rate £</b>
Administration (inc statutory reporting)								
Appointment formalities	4.20	16.40	-	0.80	2.70	24.10	4,044.50	167.82
Administrative set-up	1.80	-	-	-	-	1.80	405.00	225.00
Cashiering function	-	2.20	-	10.90	-	13.10	1,420.50	108.44
Committee matters	-	5.10	-	-	0.30	5.40	906.00	167.78
Case review	1.20	1.80	-	-	-	3.00	585.00	195.00
General administration	14.80	27.50	0.40	1.00	3.90	47.60	8,497.00	178.51
Planning and monitoring	2.10	7.10	-	-	0.60	9.80	1,754.00	178.98
Pension matters	-	-	-	-	0.70	0.70	31.50	45.00
Non insolvency statutory returns	2.00	0.70	-	-	-	2.70	572.50	212.04
Statutory compliance – returns / reports / meetings	4.50	39.30	-	4.10	3.40	51.30	8,472.50	165.16
Creditors								
Employee claims	-	4.00	-	6.90	-	10.90	1,631.50	149.68
Non preferential creditors	9.00	11.20	-	-	1.00	21.20	4,102.00	193.49
Secured creditors	-	15.10	-	-	-	15.10	2,642.50	175.00
Investigations								
Review books & records	-	11.30	-	-	-	11.30	1,977.50	175.00
CDDA reports	-	0.90	-	1.00	-	1.90	292.50	153.95
Post-CDDA Report work	-	2.10	-	1.40	-	3.50	556.50	159.00
Investigating antecedent	4.00	4.30	-	-	-	8.30	1,652.50	199.10
Legal correspondence /	2.50	-	-	-	-	2.50	562.50	225.00
SIP 2 post Initial Assessment	-	4.70	-	-	-	4.70	822.50	175.00
SIP 2 Initial Assessment	-	5.70	-	0.50	-	6.20	1,045.00	168.55
<b>Realisation of assets</b>								
Book debt realisations	6.40	4.90	-	-	-	11.30	2,297.50	203.32

Fixed asset realisations	4.70	4.60	-	-	-	9.30	1,862.50	200.27
Identifying, securing insuring assets	-	6.60	-	-	-	6.60	1,155.00	175.00
Liaising with professional advisors	9.30	8.20	-	-	-	17.50	3,527.50	201.57
Other asset realisations	-	7.90	0.20	-	-	8.10	1,484.50	183.27
Retention of title	-	6.10	-	-	-	6.10	1,067.50	175.00
Sale of business	-	1.10	-	-	-	1.10	192.50	175.00
<b>Totals</b>	<b>66.50</b>	<b>198.80</b>	<b>0.60</b>	<b>26.60</b>	<b>12.60</b>	<b>305.10</b>	<b>53,560.50</b>	<b>175.55</b>

In addition to the above, I have also incurred the following time costs in relation to realising the fixed charge assets

<i>Work category</i>	<i>Licensed Insolvency Practitioner hours</i>	<i>Director/ Senior Manager hours</i>	<i>Manager hours</i>	<i>Professional staff hours</i>	<i>Admin staff hours</i>	<i>Total hours</i>	<i>Time cost £</i>	<i>Average hourly rate £</i>
Fixed Charge Realisations	33.80	2.00	-	-	-	35.80	7,955.00	222.21

**Statement of creditors' rights to receive further information and statement of creditors' rights to challenge remuneration and/or expenses**

*Relevant extracts of Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016*

**Rule 18.9**

- (1) The following may make a written request to the office holder for further information about remuneration or expenses set out in a progress report under Rule 18.4:
  - a secured creditor;
  - an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question); or
  - any unsecured creditor with the permission of the court.
- (2) A request or an application to the court for permission by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report by the person, or by the last of them in the case of an application by more than one creditor.

**Rule 18.34**

- (1) This rule applies to an application in a winding-up made by a person mentioned in paragraph (2) on the grounds that:
  - the remuneration charged by the office holder is in all the circumstances excessive;
  - the basis fixed for the office-holder's remuneration under Rules 18.16 and 18.20 is inappropriate; or
  - the expenses incurred by the office holder are in all the circumstances excessive.
- (2) The following may make such an application for one or more of the orders set out in Rule 18.36 or 18.37 as applicable:
  - a secured creditor; or
  - an unsecured creditor with either
    - (i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
    - (ii) the permission of the court.
- (3) The application by a creditor must be made no later than eight weeks after receipt by the applicant of the progress report or account under Rule 18.3 which first reports the charging of the remuneration or the incurring of the expenses in question.

A copy of our Standard Terms of Business may be downloaded from:-  
<http://www.ewslip.co.uk/downloads>

Alternatively, a Creditor may obtain a printed copy by contacting this office directly.