

AM10

Notice of administrator's progress report



Companies House

For further information, please
refer to our guidance at
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 8 Warren Park Way

Street Enderby

Post town Leicester

County/Region

Postcode L E 1 9 4 S A

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 8 Warren Park Way

Street Enderby

Post town Leicester

County/Region

Postcode L E 1 9 4 S A

Country

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

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6 Period of progress report

From date	^d 2	^d 5	^m 0	^m 8	^y 2	^y 0	^y 2	^y 0
To date	^d 2	^d 4	^m 0	^m 2	^y 2	^y 0	^y 2	^y 1

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date	^d 2	^d 2	^m 0	^m 3	^y 2	^y 0	^y 2	^y 1
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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 **8 Warren Park Way**

Enderby

Post town **Leicester**

County/Region

Postcode **L E 1 9 4 S A**

Country

DX

Telephone **03300 889038**



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 or email 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

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

Statement of Affairs £	From 25/08/2020 To 24/02/2021 £	From 25/02/2020 To 24/02/2021 £
	SECURED ASSETS	
	Intangible Assets	NIL
		30,000.00
		NIL
		30,000.00
	COSTS OF REALISATION	
	Office Holders Fees	7,081.18
	Legal Fees / Disbs	NIL
	Agents/Valuers Fees Disbs	9,154.90
	Insurance	NIL
		3,500.00
		263.92
		(7,081.18)
		(30,000.00)
	SECURED CREDITORS	
(250,000.00)	Orthios OTECH5 Limited	NIL
		NIL
	ASSET REALISATIONS	
350,151.48	Accounts Receivable	NIL
	Bank Interest	1.65
529.32	Cash at Bank	NIL
35,573.27	Prepayments	10,000.00
1,004,419.93	The Engineering of Sweden Filial Loan	NIL
606,605.00	Work in Progress	NIL
		10,001.65
		10,539.62
	COST OF REALISATIONS	
	Advertising	85.85
	Document Hosting	14.00
	Office Holders Fees	2,918.82
	Professional Fees	NIL
	Software Costs	88.50
	Storage and destruction of records	NIL
		(3,107.17)
		(3,631.52)
	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
(302,400.83)		(186.70)
	REPRESENTED BY	
	Bank 1 Current	8,244.58
	Fixed Charge Vat Payable	(6,000.00)
	Fixed Charge Vat Receivable	1,820.98
	Vat Payable	(2,000.00)
	Vat Receivable	4,842.54
		6,908.10

Mark Grahame Tailby
Joint Administrator



ELWELLWATCHHORN SAXTON

Private and Confidential

TO ALL KNOWN CREDITORS AND MEMBERS

Our ref MGT.GSW.CAR.ROD01

Your ref

Date 16 March 2021

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 List Number CR-2020-001360**

This is my report on the progress of the Administration of the Company for the six month period from 25 August 2020 to 24 February 2021. The report should be read in conjunction with my previous reports.

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

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 03300 889038, or by email at 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 03300 889038 / Fax 03300 889028 / Email leicester@ewslip.co.uk / Web ewslip.co.uk
Elwell Watchorn & Saxton LLP, 8 Warren Park Way, Enderby, Leicester LE19 4SA

Elwell Watchorn & Saxton LLP is a limited liability partnership registered in England number OC311000
VAT registration number: 655 0983 15
Registered office: 8 Warren Park Way, Enderby, Leicester LE19 4SA
Members: Graham Wolloff Limited Joe Sadler Limited
Liam Short Limited Mark Tailby Limited

Nigel Price Limited



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

ADMINISTRATORS’ PROGRESS REPORT TO CREDITORS

For the six months ending 24 February 2020

STATUTORY INFORMATION

Company name:	RODAN PROCESS SOLUTIONS LIMITED
Court name and reference:	High Court of Justice, Business & Property Courts of England and Wales, Insolvency and Companies List CR-2020-001360
Registered office:	c/o Elwell Watchorn & Saxton LLP, 8 Warren Park Way, Enderby, Leicester, LE19 4SA
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:	8 Warren Park Way Enderby Leicester LE19 4SA
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.

EXTENSION

On 09 February 2021, the creditors agreed to extend the Administration of the Company for a period of 12 months, such that the Administration will now automatically end on 25 February 2022.

ADMINISTRATORS’ ACTIONS SINCE LAST PROGRESS REPORT

As referred to in our previous progress report the purpose of the administration being pursued was that of seeking to achieve a better result for creditors as a whole than would have been likely if the company were wound up (without first being in administration), and we believe that this purpose was achieved through a sale of the company intangible assets to Orthios Technologies Limited. There were however further assets of the company that did not form part of this sale and during the period we have sought to pursue further realisations in this regard. Further details of this are provided in the body of the report below.

Applications to court had been made by four creditors of the company to seek to challenge the decision on the valuation of claims for voting purposes in the decision on the approval of the proposals. Legal advice on the applications was sought from Howes Percival solicitors who also sought counsel’s advice. The advice received was that the applications were without merit and had little prospect of success. A hearing was held on 18 November 2020 and at the hearing the applications were dismissed, and adverse costs orders made against the claimants. The claimants applied for permission to appeal the Judge’s decision however, one of the creditors has since withdrawn their appeal application. The remaining claimants have not withdrawn

their application for permission to appeal, the outcome of which is currently awaited from the Court. The funds in relation to the adverse costs orders were paid to Howes Percival to hold pending the outcome of the appeals and once the matters are resolved, Howes Percival will send an account of the funds received and the costs incurred.

We have also held 2 further meetings with the creditors committee during the period to provide them with updates in relation to the progress of the administration and to seek their advice on how to proceed in relation to certain matters that will have a material impact on the outcome of the administration.

Additionally, as referred to in the previous report, there were certain concerns raised by creditors over the conduct of the directors and affairs of the company. These concerns principally related to the apparent granting a loan to a seemingly unrelated company in Sweden. Again, further details on the progress of this is provided in the body of the report below.

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 last progress report is contained in Appendix 2.

RECEIPTS AND PAYMENTS ACCOUNT

My Receipts & Payments Account for the period from 25 August 2020 to 24 February 2021 is attached at Appendix 1.

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

ASSETS

Intangible Assets

As previously advised, a sale of the company's intangible assets was 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

Accounts Receivable

Remain as previously advised and any realisations in this regard remain unlikely

Cash at Bank

As previously advised

Prepayments

As previously advised, this relates 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 relates 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. A substantive response has been received from the debtor and they have provided copies of correspondence between themselves and the agent that dealt with the sale. They also confirmed that should the matter be further pursued then they would seek to make a counter claim for the damages incurred as a result of Rodan's failure to adhere to the terms of the conditions of the sale. This was forwarded to Howes Percival for advice and they confirmed that due to the sum involved, the dispute and the potential counter claim, it was unlikely that any kind of enforcement action would result in a net return to creditors. It was therefore decided that this would not be pursued further.

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. During the period, the sales consideration in this regard has been 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 guarantor. On 15 January 2021 we received an update to the effect that that Kronofogden had unfortunately, not been able to serve the required documents on the guarantor. They had tried numerous times (letters, phone and visits) but had given up due to the extent and costs of their attempts. We were advised that we therefore had to seek to try and serve the documents ourselves, otherwise they would seek to close the case. To that end a company was engaged to seek to serve the documentation and we await confirmation as to whether they have been able to do so.

Due to the delays and issues with the enforcement of the debt against the company in Sweden or the guarantor, action was also taken to issue claims against the directors for breach of duties in relation to the granting of the loan. A letter before action has been sent to each of them on 20 November 2020 but no response has been received.

Work in Progress

As previously advised, we cannot provide further details due to confidentiality issues, but we can confirm that there will no realisations for the benefit of the Company's creditors.

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	7,081.08	913.92

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 £
Insolvency Bond	£220.00	-
Statutory Advertising	£171.70	-
Postal Re-Direction	£422.00	-
Document Hosting	£14.00	-
Software Costs	£29.50	-
Storage & Destruction of Records	£59.00	-
Mileage at 45p / Mile	-	£75.60
Elwell Watchorn & Saxton LLP – Post appointment time costs excluding fixed charge realisation costs	2,918.92	£65,617.58
Legal Fees in Relation to realisation of floating charge assets and challenge to voting on proposals	-	£41,568.34

Legal Fees in Relation to Issuing Proceedings in Sweden	0.00	£700.00
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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

As advised in the previous report, there were certain matters that were determined as a result of our initial review that required further investigation. During the period we have continued to liaise with the creditors committee over our findings and the best course of action to take. The principal matter that remained related to the loan granted to the Swedish company referred to above.

As the enforcement of the debt relating to the loan has proven difficult, during the period we have sought the advice of Howes Percival in relation to potential breach of duty claims against the directors in relation to the granting of the loan. To that end, letters before action of have been issued to the directors and we await a response from their legal advisors.

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 COST

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 February 2021, amount to £68,536.50 and £7,955.00 in respect of realising the fixed charge assets, representing 380.1 and 35.8 of hours work respectively at a blended charge out rate of £185.02 and £222.21 per hour. Within this total, time costs in the sum of £8,788.50 representing 47.5 hours of work with a blended charge out rate of £185.02 has been incurred in the period since our previous progress report. The actual blended charge out rate incurred compares with the estimated blended charge out rate of £192.00 in my fees estimate. Fixed charge remuneration in the sum of £7,081.08 has been drawn in accordance with the agreement reached with the fixed charge holder in addition to the sum of £2,198.92 in respect of the floating charge time costs. Both these sums have been drawn during the reporting period.

Due to additional time costs being incurred in respect of; the applications to appeal the decision on claims for voting purposes, the protracted nature of the enforcement of the Swedish debt and the subsequent actions being pursued against the former directors (all referred to above), it is likely that the overall time costs incurred will exceed the initial fee estimate agreed by the creditors committee. We are not currently intending to seek the agreement of the committee to have the original estimate increased but propose to review the position with them once there is more clarity in the scope of the work that will be required in dealing with these matters and the likelihood of realisations being made.

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, together with an explanatory note which shows Elwell Watchorn & Saxton LLP's fee

policy are available at the link <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 £991.80 since our appointment as Joint Administrators, of which the sum of £263.95 has been incurred in the period since our previous progress report.

Type of expense	Amount incurred/ accrued in the reporting period	Amount incurred/ accrued in total
Insolvency Bond	-	£220.00
Statutory Advertising	£85.85	£171.70
Postal Re-Direction	-	£422.00
Document Hosting	£14.00	£14.00
Software Costs	£88.50	£29.50
Storage & Destruction of Records	-	£59.00
Mileage at 45p / Mile	75.60	75.60

I have used the following agents or professional advisors during the course of the administration with only Howes Percival & Engelska Jurist Companiet incurring further costs during 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 + Disbursements

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.

Howes Percival

During the reporting period they have been engaged to provide further 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 applications to challenge the decision to admit claims for voting purposes. It was agreed that they would be paid on a time costs basis for this work + disbursements. To date, the post appointment time costs amount to £33,321.10, none of which has yet been paid. They have also incurred disbursements of £8,247.24 principally relating to the Counsel's costs in relation to the hearing to challenge the decision to admit claims for voting purposes.

As referred to the initial hearing found against the claimants and they were order to pay the costs of the application. The total sum of £29,500.00 has been deposited with Howes Percival in relation to the adverse costs order, but these funds can't be utilised until the appeals against the judge's decision are dealt with. The quantum of any further time costs is dependent on the work that becomes necessary in respect of the matters relating to the enforcement of the Swedish debt, the appeal on the judge's decision and the claims intimated against the directors.

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. During the period they have incurred additional disbursements in relation to seeking to serve the legal documents which amount to circa £200.00 but we are yet to receive confirmation of the exact sums.

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 and the enforcement action in relation to the Swedish loan.

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

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, 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.

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(In Administration)
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		6,908.10

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.

- Dealing with all routine correspondence and emails relating to the case.
- Maintaining and managing the office holder's estate bank account.
- 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 6 monthly progress reports to creditors and members.
- Filing returns at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.
- Preparing for and holding 2 meetings of the creditors committee to provide an update and to seek their views on key matters
- Preparing and circularising minutes following the meetings
- Producing documentation in relation to extension of the administration
- Recording votes and sending our correspondence confirming extension following approval
-

2. Creditors

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.

- Maintaining up to date creditor information on the case management system.
- Dealing with queries raised by creditors

3. Asset Realisations – Floating Charge

- Dealing with matters relating to the enforcement of the Swedish loan
- Chasing debtor in relation to deposit paid and documentation in support of their assertion that this was non-refundable

4. Investigations

- Liaising with the Insolvency Service in relation to conduct report submitted
- Liaising with legal advisors in relation to potential claims against directors and providing necessary information

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:-

	LONDON Charge-out rate at commencement (up to £ per hour)	OTHER OFFICES Charge-out rate at commencement (up to £ per hour)
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.

Work category	Estimated total hours	Estimated time cost £	Blended rate £
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	
Totals	399.90	76,780.80	192.00

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:-.

Work category	Licensed Insolvency Practitioner hours	Director/ Senior Manager hours	Manager hours	Professional staff hours	Admin staff hours	Total hours	Time cost £	Average hourly rate £
Administration (inc statutory reporting)								
Appointment formalities	-	-	-	-	-	-	-	-
Administrative set-up	-	-	-	-	-	-	-	-
Cashiering function	-	0.1	-	5.1	-	5.2	502.00	96.54
Committee matters	4.6	1.8	-	-	-	6.4	1,350.00	210.94
Case review	1.1	2.1	-	-	-	3.2	615.00	192.19
General administration	-	1.3	-	0.7	0.5	2.5	316.50	126.60
Planning and monitoring	-	-	-	0.3	-	0.3	40.50	135.00
Pension matters	-	-	-	-	-	-	-	-
Non insolvency statutory returns	-	1.4	-	-	-	1.4	245.00	175.00
Statutory compliance – returns / reports / meetings	-	7.4	-	1.1	-	8.5	1,399.50	164.65
Creditors								
Employee claims	-	-	-	-	-	-	-	-
Non preferential creditors	1.8	0.7	-	-	-	2.5	527.50	211.00
Secured creditors	-	-	-	-	-	-	-	-
Investigations								
Review books & records	-	-	-	-	-	-	-	-
CDDA reports	-	-	-	-	-	-	-	-
Post-CDDA Report work	-	0.4	-	-	-	0.4	70.00	175.00
Investigating antecedent	-	-	-	-	-	-	-	-
Legal correspondence /	11.0	-	-	-	-	11.0	2,475.00	225.00
SIP 2 post Initial Assessment	-	-	-	-	-	-	-	-
SIP 2 Initial Assessment	-	-	-	-	-	-	-	-
Realisation of assets								
Book debt realisations	-	-	-	-	-	-	-	-

Fixed asset realisations	0.6	0.2	-	-	-	0.8	170.00	212.50
Identifying, securing insuring assets	-	-	-	-	-	-	-	-
Liaising with professional advisors	2.1	-	-	-	-	2.1	472.50	225.00
Other asset realisations	0.9	2.3	-	-	-	3.2	605.00	189.06
Retention of title	-	-	-	-	-	-	-	-
Sale of business	-	-	-	-	-	-	-	-
Totals	22.1	17.7	-	7.2	0.5	47.5	8,788.50	185.02

No further time costs have been incurred in relation to the realisation of fixed charge assets.

The time costs during the course of our administration as a whole are summarised below:-.

<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>
Administration (inc statutory reporting)								
Appointment formalities	4.2	16.4	-	0.8	2.7	24.1	4,044.50	167.82
Administrative set-up	1.8	-	-	-	-	1.8	405.00	225.00
Cashiering function	-	2.3	-	16.0	-	18.3	1,922.50	105.05
Committee matters	8.6	6.9	-	-	0.3	15.8	3,156.00	199.75
Case review	3.1	3.9	-	-	-	7.0	1,380.00	197.14
General administration	16.2	28.8	0.4	1.7	4.4	51.5	9,128.50	177.25
Planning and monitoring	2.1	7.1	-	0.3	0.6	10.1	1,794.50	177.67
Pension matters	-	-	-	-	0.7	0.7	31.50	45.00
Non insolvency statutory returns	2.0	2.1	-	-	-	4.1	817.50	199.39
Statutory compliance – returns / reports /	6.1	46.7	-	5.2	3.4	61.4	10,232.00	166.64
Creditors								
Employee claims	-	4.0	-	6.9	-	10.9	1,631.50	149.68
Non preferential creditors	11.2	11.9	-	-	1.0	24.1	4,719.50	195.83
Secured creditors	-	15.1	-	-	-	15.1	2,642.50	175.00
Investigations								
Review books & records	-	11.3	-	-	-	-	1,977.50	175.00
CDDA reports	-	0.9	-	1.0	-	1.9	292.50	153.95
Post-CDDA Report work	-	2.5	-	1.4	-	3.9	626.50	160.64
Investigating antecedent	4.0	4.3	-	-	-	8.3	1,977.50	175.00

Legal correspondence /	21.9	-	-	-	-	21.9	4,927.50	225.00
SIP 2 post Initial Assessment	-	4.7	-	-	-	4.7	822.50	175.00
SIP 2 Initial Assessment	-	5.7	-	0.5	-	6.2	1,045.00	168.55
Realisation of assets								
Book debt realisations	7.5	4.9	-	-	-	12.4	2,545.00	205.24
Fixed asset realisations	5.9	4.8	-	-	-	10.7	2,167.50	202.57
Identifying, securing insuring assets	-	6.6	-	-	-	6.6	1,155.00	175.00
Liaising with professional advisors	19.5	8.2	-	-	-	27.7	5,822.50	210.20
Other asset realisations	2.0	10.2	0.2	-	-	12.4	2,337.00	188.47
Retention of title	-	6.1	-	-	-	6.1	1,067.50	175.00
Sale of business	-	1.1	-	-	-	1.1	192.50	175.00
Totals	116.1	216.5	0.6	33.8	13.1	380.1	68,536.50	180.31

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.ewslp.co.uk/downloads>

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