



For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 0 9 3 4 2 5 6

Company name in full Johnson Security Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Andreas

Surname Arakapiotis

3 Administrator's address

Building name/number Mountview Court

Street 1148 High Road

Post town Whetstone

County/Region London

Postcode N 2 0 0 R A

Country

4 Administrator's name ①

Full forename(s)

Surname

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number

Street

Post town

County/Region

Postcode

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 0	^d 5	^m 0	^m 2	^y 2	^y 0	^y 2	^y 1
To date	^d 0	^d 4	^m 0	^m 8	^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 0	^d 9	^m 0	^m 9	^y 2	^y 0	^y 2	^y 1
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**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 **Antonis Stylianou**

Company name **Kallis & Company**

Address **Mountview Court**

1148 High Road

Post town **Whetstone**

County/Region **London**

Postcode **N 2 0 0 R A**

Country

DX

Telephone **020 8446 6699**

**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

**Administrator's Progress Report relating to
Johnson Security Limited ("the Company") – In Administration**

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Johnson Security Limited – In Administration

EXECUTIVE SUMMARY

The Company was incorporated in 1968 and was trading as a specialist vehicle security company. The Company designed and built vehicle modifications primarily for the cash transit industry, but also for transporters of other high value goods.

The Company had historically been profitable and grew to its peak in 2008 where it achieved a turnover in excess of £16m.

Since this date, turnover had gradually decreased, primarily due to the fact that cash, as a method of payment, had been in steady decline with the increase in the use of cashless payments and in particular, contactless payments.

In 2004 the shares in the Company were purchased by Four Dimension Johnson Security Limited, a company whose ultimate beneficial owner is Dr Shan Wang, one of the directors. Dr Wang has supported this business financially for some time and is one of the largest creditors. One of the biggest issues is that the Company has been unable to scale down its operations as quickly as its turnover decreased, leaving the business carrying large overheads.

Immediately prior to the appointment of the Administrator, the Company was under significant pressure by HMRC to the extent that they managed to obtain possession of some of the Company assets which were ultimately sold at auction. In order to prevent further action being taken by the creditors and to protect the Company's business and assets, the directors resolved to place the Company into administration. This would allow the Company to continue trading in the short term whilst giving the Company protection from its creditors and in turn would result in a better outcome for creditors.

The aim of the Administration was to achieve a sale of the business on a going concern basis.

The Company had sufficient working capital to meet the immediate costs of trading the business for at least an initial two week period. During this time, a detailed analysis of the Company's work-in-progress ("WIP") was carried out in order to assess how long the Company could realistically trade for and whether such trading would produce a better outcome for creditors.

In order to assist the administrator in this regard, Mr Ian Roberts of Cashflow Creators was retained by the administrator. Mr Roberts had been assisting the Company prior to the appointment of the administrator in order to source financing. Part of the work he had already been doing was reviewing the Company's cashflow and WIP for this purpose.

Following on from the initial review, the strategy of the administration was to trade the business for a maximum period of 12 weeks. This is due to the fact that in an administration scenario, trading the business for a longer period of time can lead to administration fatigue, increased risk, increased costs and poorer workmanship. Given the Company's business, this would be a real risk to trading for a longer period.

Accordingly, the WIP calculations and analysis concentrated on which projected could be delivered during this 12 week window and whether these projects could be delivered at a profit.

On the basis of the WIP analysis, it was clear that a profit could be made during this period and therefore the decision to continue trading was taken. The benefit of this to creditors was not only would there be an increase of realisations in terms of the WIP, but by continuing to trade, it was likely that the realisation of debtors would also increase as well as the prospect of achieving a sale as a going concern.

In order to minimise the costs of the administration, senior staff were retained in order to assist with managing the day-to-day operations. Furthermore, regular updates to the WIP schedules were being prepared by Mr Roberts in order to ensure that projects were being delivered in line with initial estimates.

To facilitate trading during the Administration period, all the Company's employees were initially retained whilst a review of the staffing requirements was carried out following my appointment. Once a decision was made regarding which contracts to complete during the administration based on their profitability, the employees were reduced accordingly which reduced the payroll moving forwards.

I can confirm that further redundancies were made on 28 February 2020 and 3 March 2020 when it became apparent that these employees were not required to complete the WIP.

The most significant overhead of the business was the rent. The premises were far too large given the size of the business and the Company only required approximately 25% of the leased premises. The premises are made of four combined units and the Company only required one unit to trade. On this basis, attempts were made to negotiate a reduced rate with the landlord for the administration period. Whilst a small discount was applied to the underlying rent, the rent being applied was significant. Despite this high level of rent, based on the calculations carried out regarding the WIP, it would still be profitable to trade the business in administration for a short period of time.

Unfortunately, midway through the 12 week trading plan, the global pandemic of COVID-19 reached the UK and the country was placed on lockdown. Whilst we were able to continue trading on a reduced staff basis, it was not possible to get delivery of the stock we required in order to finalise the WIP. Accordingly, production ground to a halt and this adversely affected the outcome of the trading.

The impact of this was such that total administration sales amounted to £149,726.31 exclusive of VAT as compared to anticipated sales of £351,704 exclusive of VAT.

As a result of this, it was unlikely that there would be a better return for creditors than if the company was first wound up.

STATUTORY INFORMATION

Company name:	Johnson Security Limited
Court name and reference	High Court 000462 of 2020
Company number:	00934256
Trading address:	Orchard Industrial Estate Toddington Gloucestershire GL54 5EB
Registered office:	Mountview Court 1148 High Road Whetstone London N20 0RA
Former registered office:	Orchard Industrial Estate Toddington Gloucestershire GL54 5EB
Principal trading activity:	Security Vehicles Conversions & Upgrades
Administrator's names:	Andreas Arakapiotis
Administrator's address:	Mountview Court 1148 High Road Whetstone

London
N20 0RA

Date of appointment 5 February, 2020

Appointment made by: Michael Usen – Director

Notice was provided to all known creditors on 14 January 2021 of our intention to extend the administration by a period of twelve months to 4 February 2021. Notice seeking deemed consent was provided with a final time for any objections of 23.59 on 1 February 2021.

We confirm that no objections to this decision procedure were received and notice of the same was sent to Companies House and deemed to be delivered to Companies House on 4 February 2020.

STEPS TAKEN DURING THE ADMINISTRATION

Since my appointment my staff and I have spent a considerable amount of time in dealing with the following:

- Approval of proposals and meeting of creditors

It should also be noted that my proposals were issued to creditors through the deemed approved route, since the purpose of the Administration was to achieve objective (c), that is to realise property in order to make a distribution to one or more secured or preferential creditors of the Company.

However, the requisite number of creditors required me to hold a decision procedure to enable creditors to consider whether or not to approve these proposals and to consider the basis and estimate upon which my fees were to be paid.

- Book debt reconciliations

Following my appointment I was given a schedule of all invoices outstanding from various debtors. All these book debts had been processed through Easy Invoice Finance Limited ("EIF") and were to be collected through EIF. A considerable amount of time has been spent by my staff and I in reconciling the book debts received against the outstanding book debt ledger. I requested cash received reports in order to account for the debts received, however, reconciling these proved a lot more difficult than anticipated due to delays in EIF providing these and their own allocation of book debts received not marrying up with my records.

All of the trading invoices were also processed through EIF and I have had to undertake the same work in order to ensure that all outstanding and paid invoices were properly reconciled. All book debts have now been received

- Trading of business

Although the Company's management was kept in place to assist with trading, I was in charge and have spent much time supervising trading in Administration. That is to review and agree work being carried out, approve and process payment of trading expenses, and deal with salary payment. By retaining the incumbent management, it meant that I was able to supervise trading remotely rather than stationing my staff on site for the duration of the trading period.

- Valuation and Sale of Business

I instructed PDS Auctioneers and Valuers ("PDS"), an independent firm of specialist agents and valuers, to provide a valuation of the Company's business and assets, to devise a strategy to market the sale of these assets, and to assist with negotiations with interested parties, both on an ex-situ and in-situ basis.

- Collection of the sale consideration

I have monitored and pursued when necessary payment in respect of the deferred consideration of £188,460.74 which was agreed to be made in 12 deferred payments of £7,000 per month for the assets and £5,000 per week for the assigned book debts. Payment in respect of the assets has been received in full. However, amounts remain outstanding in respect of the assigned book debts. Further details of this are provided below in the asset section.

- Negotiating with the landlord in respect of the rent

In order to achieve a sale of the business, a licence to occupy the premises was granted to the purchaser. The purchaser only required one unit and was not prepared to pay the underlying rent as it would be uneconomical to do so.

Accordingly, the purchaser sought assurances from the landlord that only £6,000 per month would be chargeable going forward. The landlord agreed to this and on this basis the purchaser was willing to enter into the licence to occupy.

The term of the licence to occupy was such that in the event any additional claim was made by the landlord, the purchaser would be liable.

Unfortunately, the purchaser was not able to negotiate terms with the landlord for a new lease.

The sale of the business was concluded on 3 April 2020. Following the meeting of creditors, which took place on 12 May 2020, the landlord issued invoices claiming the full rent and service charges on 27 May 2020. The legal advice received at the time was that the landlord was prevented from claiming this rent on the basis that he was in agreement with the licence fee. In any event, any amounts claimed by the landlord from the Company in administration would be subsequently claimed from the purchaser in accordance with the terms of the licence to occupy.

Notwithstanding this, the landlord continued to claim the full amount from the administration. In light of the claim and the legal advice being received, I instructed specialist counsel to advise on the position. The advice was that the landlord was able to claim the full amount of rent as an expense of the administration.

Following the advice received, we contacted the landlord and the purchaser in order to come to an agreement whereby any sums due to the landlord would be claimed from the purchaser. A meeting was held 5th March 2021 in this regard. Unfortunately no resolutions were reached.

In addition to the above, there is also 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 contained in Appendix 2.

SUMMARY OF THE ADMINISTRATORS' PROPOSALS

The following proposals were put forward creditors:

(a) I continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that I:

(i) trade the Company with a view to completing its outstanding work in progress and also achieving a going concern sale of the business and assets;

(ii) sell the Company's assets at such time(s) on such terms as I consider appropriate;

(i) investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the

Company or any person, firm or Company which supplies or has supplied goods or services to the Company; and

(ii) do all such things and generally exercise all their powers as Administrator as I consider desirable or expedient at my discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals

(iii) Kikis Kallis of Kallis Insolvency Practitioners is appointed Joint Administrator.

(b) the Administration of the Company will end by filing notice of dissolution with the Registrar of companies. The Company will then automatically be dissolved by the registrar of companies three months after the notice is registered.

OR

(c) the Administration of the Company will end by giving notice to the Court, creditors and Registrar of Companies that the objective of the Administration has been achieved.

The administrator's proposals were circulated to creditors and were due to be deemed approved. A request to hold a meeting was received from the landlord, Elesa Estates Limited, and given it represented a requisite majority, a meeting was duly convened and held.

At the meeting, the landlord put forward the following modifications for the approval of the administrator's proposals subject to the following conditions:

1. That the Company be placed into compulsory liquidation
2. That no payment be made to Cashflow Creators;
3. That the administrator's fees be capped at £60,000;

The first modification was accepted by the Administrator, but modification two and three were not, therefore the proposals were deemed duly rejected.

OUTCOME OF ADMINISTRATION

As a result of dispute with the landlord in respect of the licence to occupy fee and no negotiating being reached, the administration became liable for £178,110.33 to the landlord in respect of his claim for unpaid rent. This liability ranks as an expense of the administration. As such the administration became insolvent.

As a result, I presented a winding up petition to the Court for the compulsory liquidation of the Company.

On 11 August 2021, the Court ordered that the administration cease to have effect and that the Company be wound up by the Court.

RECEIPTS AND PAYMENTS ACCOUNT

My Receipts & Payments Account for the period from 5 February 2021 to 4 August 2021 is attached at Appendix 1. All amounts are shown net of VAT. I have reconciled the account against the financial records that I am required to maintain.

ASSETS

I sold the assets and business of the Company on 3 April 2020 to Obelix Systems Limited ("the Purchaser"), a Company connected with one of the Directors, Michael Usen.

The assets were sold for £188,460.74. The sale consideration for the sale of the assets, excluding the assigned debts, was agreed to be received in 12 deferred payments of £7,000 per month. All payments have been received in this regard.

The deferred consideration for the book debts was being paid at £5,000 per week. To date a total of £70,000 has been received in this regard, of which £53,604.17 relates to post appointment book debts and £16,395.83 relates to pre appointment book debts

An outline of the different types of asset sold and the amount received to date, is shown below:

	Sale Consideration	Realised to date
Asset category	£	£
Plant, Machinery, Warehouse & General Equipment	28,500	28,500
Bespoke Components & Sundry Stock	34,000	34,000
Goodwill & Forward Orders	22,500	22,500
Assigned Debts	103,460.74 ¹	70,000
Total	188,460.74	155,000

Debtors

The Company had outstanding book debts as at the date of Administration in the amount of £241,995.87, of which £67,005.22 was assigned to the purchaser as part of the assets and business sale for a consideration of £53,604.17. The majority of the unassigned book debts were to be collected by Easy Invoice Finance Limited ("EIF"). No collection fee were charged by EIF in this regard.

A breakdown of the current book debt position is as follows:

Book Debts as at 05/02/2020		241,308.69
Book Debts Received to date	151,840.11	
Assigned to Purchaser	<u>67,005.22</u>	
		<u>(218,845.33)</u>
		22,463.36
Uncollectable		<u>14,285.03</u>
Total Outstanding		<u><u>8,178.33</u></u>

It will be the duty of the duly appointed liquidator to realise any outstanding book debts.

Licence Fee

In line with the assurances made from the landlord, the purchaser has paid me a total of £36,000 representing the licence fee of £6,000 per month that the purchaser was in the understanding had

¹ This relates to pre and post administration book debts, for which further explanations are provided in the "Debtors" and "Trading Income" sections.

been agreed. A total of £36,000 has been paid the landlord.

Cash at Bank

The Company banked with the National Westminster Bank plc. As at the date of my appointment, the balance in the Company's bank account was anticipated to be £86,467.64. This has been received in full.

Cash in Hand

These represent funds that had been advanced by the Company to Kallis and Company toward the pre-appointment fees of the Administration. These funds were held in the client account and have now been paid into the estate account.

Business Rates Refund

A business rates refund of £560.41 has been received from Tewkesbury Borough Council in the reporting period.

TRADING ACCOUNT

The Company traded whilst in Administration, under the control of the Administrator for the period from 05 February 2020 to 03 April 2020.

Trading Income

During the period of trading we achieved sales of £149,726.31 exclusive of VAT, which £114,208.19 exclusive of VAT were received, of which £16,295.00 were held with EIF and were paid into the Administration in the period since 5 February 2021.

The outstanding balance of £52,699.94 was assigned to the purchaser under the sales and purchase agreement for a consideration of £49,856.67. As explained above, the purchaser was to repay this in weekly instalments of £5,000. To date only £16,395.83 has been received.

Costs and Expenses of trading

A total of £289,905.60 has been paid to date, which includes wages, rents and heat & light. The following trading expenses remain unpaid:

- PAYE – £57, 210.22
- Rent – £178,110.33
- Gas & Electricity - £2,428.53

Trading Outcome

There is currently a total trading loss of £175,697.41. This does not include the funds held in hand and outstanding expenses as listed above.

LIABILITIES

Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies showed that the Company has granted the following charges:

1. A fixed and floating charge by RBS Invoice Finance Limited ("RBS") created on 15 January 2015. Although this is still shown as outstanding on the Registrar of Companies records, the agreement with RBS was terminated in January 2020 and there were no amounts owed to

RBS.

2. A fixed and floating charge by Easy Invoice Finance Limited ("EIF") created on 17 January 2020. However, by the making of Administration order, no funds had been drawn from EIF therefore there are no amounts due to them.

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. In this case, as per the explanations provided above, the prescribed part provisions do not apply.

Preferential Creditors

In accordance with the Director's statement of affairs a total of £166,057.93 were anticipated in preferential creditors. This was based on the scenario where all employees would be made redundant. As a result of the trading and subsequent sale of business on a going concern basis, many jobs were saved therefore claims totalling £34,137.91 have been received.

During the case of the administration, certain employees made a tribunal claim for protective award. This claim was successful and was not opposed by the administrator. The claim has not yet been received but will rank as a preferential claim in the administration.

Non-preferential unsecured Creditors

The statement of affairs included 208 non-preferential unsecured creditors with an estimated total liability of £5,772,633.42, of which £ is owed to HMRC. I have received claims from 79 creditors at a total of £5,125,025.59. HMRC's claim has not yet been received. I have not received claims from 81 creditors with original estimated claims in the statement of affairs of £2,263,033.60.

DIVIDEND PROSPECTS

A dividend will not be declared to any class of creditors in the Administration as the funds realised have been used to make payments to meet the expenses of the Administration.

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. 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 and made enquiries about the reasons for the changes.

I identified the following areas where I considered that further investigation was required.

Wrongful Trading

I undertook an analysis of the Company's annual trading results. My review has shown that the Company has been making losses for a number of years and therefore considered to have been insolvent for some time prior to the administration.

I reviewed the possibility of a claim against the Directors under the provisions of Section 246ZB of the Insolvency Act, 1986 ("the IA"), on the basis that the Directors knew or ought to have known that there was no reasonable prospect that the Company would avoid going into insolvent administration.

I have reviewed documents, such as the minutes in respect of the meetings held by the management team, to determine the extent of the Directors' knowledge of the Company's financial position and whether they knew or ought to have known that there was no reasonable prospect that the Company could avoid being placed into insolvent administration.

My investigations concluded that there does not seem to be sufficient evidence to support any claims against the Directors for wrongful trading.

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.

PRE-ADMINISTRATION COSTS

The Board of Directors instructed me to assist them in placing the Company in administration on 17 January 2020. They agreed that I should be paid my pre-administration costs on a time cost basis estimated at £10,000. My actual time costs incurred in the period prior to the administration was £12,638.00 representing 41.10 hours at a blended charge out rate of £307.49.

The total expenses incurred in the pre-administration period total £10,108.88. This relates to solicitor's fees in connections with the administration application.

To seek approval of pre-administration costs I called a meeting of the Company's creditors, as it was requisitioned following my delivery of my Proposals. At this meeting creditors were asked to vote on my – pre-Administration costs and expenses. I can advise that Creditors voted against this.

I have therefore not been able to draw any fees in respect of this.

ADMINISTRATORS' REMUNERATION

My total time costs incurred in the reporting period amount to £9,052.00 representing 39.60 hours at an average charge out rate of £228.59

I sought approval from creditors to agree the basis of my remuneration on a time costs basis at the total of £102,423 at a "blended" rate of £229.80 per hour. Unfortunately the basis of my remuneration was rejected by creditors.

I have not drawn any fees to date.

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/helpsheets/>. Once you access the link, scroll down to "Getting involved: Administrations" for the relevant details.

A copy of 'A Creditors Guide to Liquidators' Fees' also published by R3 can be accessed at <http://www.kallis.co.uk/downloads> by clicking the link underneath "Insolvency Office Holders' Fees". Please note that there are different versions of these Guidance Notes, and in this case please refer to "Guide to Administrator's Fees" under "Version 4- issued April 2017".

Kallis Insolvency Practitioners' fee policy, which is enclosed with this report in Appendix 4, can also be accessed at <http://www.kallis.co.uk/downloads> by clicking the link underneath "Kallis Insolvency Practitioners' Fee Policy".

ADMINISTRATORS' EXPENSES

Category 1 expenses do not have to be approved, but when reporting to the creditors during the course of the Administration the actual expenses incurred will be compared with the original estimate provided and I will explain any material differences.

I have incurred expenses of £2,625.00 since 5 February 2021 to 4 August 2021.

I have paid £530.00 since 5 February 2021 to 4 August 2021.

I have incurred the following expenses in the period since my appointment as Administrator:

Type of expense	Amount incurred/ accrued in the reporting period £		Amount incurred/ accrued to date £	
	Paid	To be paid	Paid	To be paid
Bonding			720.00	
Gazetting			191.00	
Postage			82.35	
Travel expenses			236.40	
Management Liability Insurance			2,352.00	
Open Cover Insurance			4,773.42	
Barclaycard			2,707.24	
Evolve IS			2,100.00	
Irwin Mitchell, solicitors		2,625.00	33,732.50	23,213.00
Rent				178,110.33
Cash Flow Creators			15,286.12	
PDS Valuers			10,000.00	17,118.50
Total		2,625.00	72,181.03	218,441.83

I have not incurred any category 2 disbursements in the reporting period.

Below is a comparison of the actual expenses incurred with the original estimate:

Nature of expense	Estimated expenses	Expenses incurred to date
Bonding	720.00	720.00
Gazetting	95.50	191.00
Postage	249.34	82.35
Travel expenses	236.40	236.40
Storage of accounting records	Uncertain	-
Management Liability Insurance	2,352.00	2,352.00
Open Cover Insurance	-	4,773.42
Barclaycard	2,707.24	2,707.24
Evolve IS	3,050.00	2,100.00
Irwin Mitchell, solicitors	35,000.00	56,945.50
Rent		178,110.33
Obelix Systems Limited	23,528.40	-
Cash Flow Creators	15,000.00	15,286.12
PDS Valuers	27,118.50	27,118.50
Total	110,057.38	218,441.83

As at 26 August 2021, as you can see from the information provided in this report, the expenses I have incurred in this matter have exceeded the total expenses I estimated I would incur.

The reasons I have exceeded the expenses estimate are due to the solicitor's costs incurred as a result of the ongoing dispute with the landlord.

Additional legal costs have been incurred in respect of my application to the court for the winding up for the Company. As per the order dated 11 August 2021, any costs associated with the application and petition for the winding up will be paid as an expenses of the Liquidation.

In addition, the landlord's claim for rent has also been incurred as an expense of the Administration. This is further detailed above.

There have also been expenses incurred in respect of the open cover insurance I have had to obtain on the Company assets. This was not included in my estimate.

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 Administrators' 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 Administrators' 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 Kallis & Company can be found at kallis.co.uk/legal.

Kallis & Company 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 Kallis & Company uses your personal information on our website at kallis.co.uk/legal.

SUMMARY

The Administration has now concluded in line with the court order made and our files will be closed. If creditors have any queries regarding the conduct of the Administration, or this report, or if they want hard copies of any of the documents made available on-line, they should contact Orkida Aliaj on 020 8446 6699, or by email at orkida@kallis.co.uk.



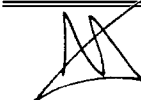
Andreas Arakapiotis
ADMINISTRATOR

The affairs, business and property of the Company are being managed by the Administrators, Andreas Arakapiotis. The Administrator acts as agents of the Company and contract without personal liability.

Johnson Security Limited - in Administration

Summary of Administrator's Receipts and Payments
for the period 05/02/2021 to 04/08/2021

Receipts	Statement of Affairs	From 05/02/2021 to 04/08/2021 £	From 05/02/2020 to 04/08/2021 £
Lease	Nil	-	-
Plant, Machinery & General Equipment	14,000.00	-	28,500.00
Office Furniture & Equipment	1,450.00	-	-
Vehicle Assembly	1,250.00	-	-
Bespoke Components & Sundry Stocks	3,000.00	-	34,000.00
Sale Consideration re Pre-appt Book Debts	-	-	53,604.17
Book Debts	193,596.70	35,852.80	151,840.11
Licence Fee (Rent)	-	-	36,000.00
Goodwill and Order Stock	Uncertain	20,000.00	22,500.00
Business Rates Refund	-	-	560.41
Cash at Bank	86,000.00	-	86,467.64
Cash in Hand	-	-	12,000.00
Western Power Rental	-	21.18	42.22
WIP	-	-	-
Bank Interest Gross	-	3.60	34.45
Total	299,296.70	55,877.58	425,549.00
Payments			
Trading Loss		16,285.00	175,697.41
Cashflow Specialists		-	15,286.12
Credit Card Payments		-	2,707.24
Licence Fee (Rent)		-	36,000.00
Agents/Valuers Fee		-	10,000.00
Legal Fees		-	33,732.50
Management Liability Insurance		-	2,352.00
Open Cover Insurance		530.00	4,773.42
Bonding			720.00
Postage			82.35
Statutory Advertising		-	191.00
Travel Expenses		-	236.40
ERA Services		-	2,100.00
Total		16,815.00	283,878.44
Receipts less Payments		39,062.58	141,670.56
Represented by:			
Funds held with Solicitors			10,108.88
Vat Control Account			6,430.63
VAT Payable			(10,457.00)
VAT Receivable			14,974.31
Cash at Bank			120,613.74
Total			. 141,670.56

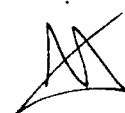


Andreas Arakapiotis
Administrator

Johnson Security Limited - in Administration

**Summary of Administrator's Trading Receipts and Payments for the period
05/02/2020 to 04/08/2021**

Receipts	From 05/02/2021 to 04/08/2021 £	From 05/02/2020 to 04/08/2021 £
Sales	16,285.00	97,812.36
Sale Consideration re post-appt Book Debts	-	16,395.83
Total	16,285.00	114,208.19
 Payments		
Direct Labour	-	92,065.06
Direct Expenses	-	6,032.67
Materials	-	5,361.62
Indirect Labour	-	1,200.00
Rent	-	67,503.63
Heat & Light	-	11,689.40
Telephone	-	3,133.00
Fuel	-	3,877.59
Delivery Cost	-	2,150.00
Sundry Expenses	-	595.77
Postage	-	104.68
Vehicle Rental	-	3,924.78
IT Services and Charges	-	698.70
HR Costs	-	750.00
Inbound Call Centre	-	730.84
Admin Salaries	-	74,979.12
Accounting Systems	-	690.31
Pension	-	11,776.88
Internet	-	2,641.55
	-	
Total	-	289,905.60
Receipts less Payments	16,285.00	(175,697.41)



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Andreas Arakapiotis
Liquidator

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 and 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.
- 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.
- Preparing, reviewing and issuing a final progress report to creditors and other relevant parties.
- Instructing solicitors to make an application to court for the winding up of the Company and seeking discharge as Administrator.
- Filing final returns at Companies House and in Court.

2. Financials

- Opening, maintaining and managing the office holder's estate bank account.
- Undertaking regular bank reconciliations of the bank account containing estate funds.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.

3. 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.

- Maintaining up to date creditor information on the case management system.

Analysis of Administrator's time costs for the period 05/02/2021 To 04/08/2021



Classification of Work Content	Partner Hours	Senior Manager Hours	Manager Hours	Senior Hours	Support Hours	Total Hours	Total Cost (GBP)	Average Hourly Rate (GBP)
Administration & Planning	3.50	19.70	0.00	1.30	0.00	24.50	6,073.00	247.88
AD1.1 - Case planning and review	0.00	0.10	0.00	0.50	0.00	0.60	84.00	140.00
AD1.2 - Ongoing administration matters	0.00	2.60	0.00	0.70	0.00	3.30	708.00	214.55
AD1.3 - Statutory notices & reporting	3.50	17.00	0.00	0.10	0.00	20.60	5,281.00	256.36
Financials	0.10	1.40	0.00	0.40	4.10	6.00	864.00	144.00
AD2.2 - Banking and reconciliations	0.10	0.70	0.00	0.00	4.10	4.90	648.00	132.24
AD2.3 - Expense reviews and payments	0.00	0.70	0.00	0.40	0.00	1.10	216.00	196.36
Realisation of Assets	0.30	1.50	0.00	0.00	0.00	1.80	462.00	256.67
AD3.1 - Dealing with agents, asset and business sales	0.00	0.10	0.00	0.00	0.00	0.10	24.00	240.00
AD3.3 - Book debt collection	0.30	0.50	0.00	0.00	0.00	0.80	222.00	277.50
AD3.4 - Identifying assets and recovery	0.00	0.90	0.00	0.00	0.00	0.90	216.00	240.00
Creditors	3.10	0.70	0.00	2.40	0.00	6.20	1,510.00	243.55
AD5.1 - Communication with creditors	3.10	0.70	0.00	1.70	0.00	5.50	1,426.00	259.27
AD5.2 - Creditors' claims (including Employees' and other preferential creditors')	0.00	0.00	0.00	0.70	0.00	0.70	84.00	120.00
Trading	0.00	0.00	0.00	1.10	0.00	1.10	143.00	130.00
AD7.1 - Management of operations	0.00	0.00	0.00	1.10	0.00	1.10	143.00	130.00
Total Hours	7.00	23.30	0.00	5.20	4.10	39.60		228.59
Total Fees (GBP)	2,380.00	5,592.00	0.00	634.00	446.00		9,052.00	

PRACTICE FEE RECOVERY POLICY FOR KALLIS INSOLVENCY PRACTITIONERS

Introduction

This sheet explains the alternative fee bases allowed by the insolvency legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the Court. The report accompanying the request to fix the basis of remuneration will indicate the basis, or bases, being requested in that particular case and will make it clear what work is to be undertaken in respect of each basis.

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/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) "Payments to Insolvency Office Holders and their Associates from an Estate" and can be accessed at <https://www.kallis.co.uk/downloads/>. Alternatively, a hard copy may be requested from Kallis Insolvency Practitioners, Mountview Court, 1148 High Road, London N20 0RA. Please note that we have provided further details in this policy document.

SIP 9 also contains various requirements that the office holder has to comply with in connection with their remuneration, both when seeking approval and when reporting to creditors and other interested parties after approval. One of the matters that an office holder has to comply with is that they must also seek approval for any payments that could reasonably be perceived as representing a threat to the office holder's objectivity or independence by virtue of a professional or personal relationship, including to an associate. Where it is anticipated that such payments will be made in a case they will be separately identified when seeking approval for the basis of the office holder's remuneration.

Other than in respect of Voluntary Arrangements an office holder is required to record the time spent on casework in all cases, even if they are being remunerated for that work on a basis other than time costs. Time is recorded directly to the relevant case and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

- Case Administration (including statutory reporting).
- Financials
- Realisation of Assets.
- Investigations.
- Creditors (claims and distributions).
- Trading
- Case specific matters.

Time cost basis

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken.

Charge out Rates

Grade of staff	Current charge-out rate per hour, effective from 01/10/2019	Previous charge-out rate per hour, effective from 01/10/2017	Previous charge-out rate per hour, effective from 01/10/2015	Previous charge-out rate per hour, effective from 01/10/2012 £	Previous charge-out rate per hour, effective from 01/10/2010 £
Senior Partner / appointment taker	£420				
Partner / appointment taker	£320-340	£295-375	£340-375	£275-£335	£275-£320
Senior Manager	£295	£285	£285	£275	£275
Manager	£240	£225	£225	£170-£275	£170-£275
Senior/Case Administrator	£110-150	£125-175	£150-175	£90-£175	£90-£175
Support Staff	£100-110	£85-100	£85-100	£60-£85	£60-£85

In cases where these staff undertake work, specific approval will be sought for the payment of the fees incurred.

These charge-out rates charged are reviewed regularly and are adjusted to take account of inflation and the firm's overheads.

When we seek time costs approval, we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate, and by reference to each separate category of work. The blended rate is calculated as the prospective average cost per hour, based upon the estimated time to be expended by each grade of staff at their specific charge out rate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

A report accompanying the request to fix the basis of remuneration will include the fees estimate, as well as details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken, or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will summarise that information in an average or “blended” rate for all of the work being carried out within the estimate, and by reference to each separate category of work, and will also say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

Percentage basis

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. A report accompanying the request to fix the basis of remuneration will set out the potential assets in the case, the remuneration percentage proposed in respect of any realisations and the work covered by that remuneration, which may solely relate to work undertaken in connection with the realisation of the assets, but might also include other categories of work as listed above. The report will also include details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The percentage approved in respect of realisations will be charged against the assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

A percentage of distributions made to unsecured creditors may also be requested, in order to cover the work associated with the agreement of claims and making the distribution.

The disclosure that we make will include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal. In order to meet the requirements of SIP 9 it will also explain why the basis requested is expected to produce a fair and reasonable reflection of the work that we anticipate will be undertaken on the case.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances, then an increase can only be approved by the Court.

Fixed fee

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. A report accompanying the request to fix the basis of remuneration will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The disclosure that we make will include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal. In order to meet the requirements of SIP 9 we will also explain why the basis requested is expected to produce a fair and reasonable reflection of the work that we anticipate will be undertaken on the case.

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances, then an increase can only be approved by the Court.

Direct Costs

Where we seek approval on a percentage and/or fixed fee basis, in order to meet the requirements of SIP 9 we also have to disclose the direct costs that are included within the remuneration that will be charged on those bases in respect of the work undertaken. The following are direct costs that will be included in respect of work undertaken in respect of each of the standard categories of work where the office holder is to be remunerated for such work on either a percentage or fixed fee basis:

- Case Administration (including statutory reporting) – staff costs, costs of case management system.
- Realisation of Assets - staff costs, costs of case management system.
- Investigations - staff costs, costs of case management system.
- Creditors (claims and distributions) - staff costs, costs of case management system.
- Trading - staff costs, costs of case management system, costs of accounting software.

Mixed basis

If remuneration is to be sought on a mixed basis, we will make it clear in the report accompanying the request to fix the basis of remuneration which basis will be charged for each category of work that is to be undertaken on the case.

Members' voluntary liquidations and Voluntary Arrangements

The legislation is different for members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) and Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee, and SIP 9 does not apply unless the members specifically request it. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

All fee bases

With the exception of IVAs and CVAs, which are usually VAT exempt, the office holder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

Expenses

As already indicated, a report will accompany the request to fix the basis of remuneration and that will include details of expenses to be incurred, or likely to be incurred. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

Expenses are any payments from the insolvent estate that are neither an office holder's remuneration nor a distribution to a creditor, or a member. Expenses also include disbursements. Disbursements are payments that are first paid by the office holder and then reimbursed from the insolvent estate. Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do (Category 2).

Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder. They can be paid by the office holder without obtaining prior approval. . Examples of costs that may amount to Category 1 expenses are professional advisors (who are not associates), statutory advertising, external meeting room hire (where the room is only hired for that meeting), external storage, specific penalty bond insurance, insolvency case management software fees charged on a per case basis, and Company search fees.

Category 2 expenses are either payments to associates, or payments in respect of expenses that have an element of shared costs, such as photocopying and mileage. Category 2 expenses require approval in the same manner as an office holder's remuneration before they can be paid.'

The practice intends to seek approval to recover the following Category 2 expenses that include an element of shared costs:

Room Hire	£50 per hour
Mileage	www.gov.uk/government/publications/rates-and-allowances-travel-mileage-and-fuel-allowances
Storage	£15 per box per annum
Destruction	Costs £5.50 per box

Professional advisors may be instructed to assist the office holder on the case where they consider that such assistance is necessary to enable them to appropriately administer the case. The fees charged by any professional advisors used will be recharged at cost to the case. Where the professional advisor is not an associate of the office holder it will be for the office holder to agree the basis of their fees. Where the professional advisor is an associate of the office holder it will be for those responsible for fixing the basis of the office holder's remuneration to approve payments to them. The fees of any professional advisors are subject to the rights of creditors to seek further information about them or challenge them as summarised below. Professional advisors that may be instructed on a case include:

- Solicitors/Legal Advisors;
- Auctioneers/Valuers;
- Accountants;
- Book Debt Collectors;
- Quantity Surveyors;
- Estate Agents;
- Pension specialists;
- Employment Claims specialists; and
- GDPR/Cyber Security specialists.

Reporting and rights to challenge

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration charged by the office holder in the period covered by the report, i.e., the amount that the office holder is entitled to draw, together with the amount of remuneration actually drawn. If approval has been obtained for remuneration on a time costs basis, the time costs incurred will also be disclosed, whether drawn or not, together with the "blended" rates of such costs. The report will also compare the actual time costs incurred with those included in the fees estimate prepared when fixing the basis of the remuneration, and indicate whether the fees estimate is likely to be exceeded. If the fees estimate has been exceeded, or is likely to be exceeded, the report will explain why that is the case.

The report will also provide information about expenses incurred in the period covered by the report, together with those actually paid, together with a comparison with the estimated expenses. If the expenses incurred, or anticipated to be incurred, have exceeded the estimate provided the report will explain why that is the case.

Under the insolvency legislation the report must also include a statement of the legislative rights of creditors to request further information about the remuneration charged and expenses incurred in the period covered by the report, or to challenge them on the grounds that they are excessive. Extracts of the relevant insolvency rules dealing with these rights are set out below. Once the time period to seek further information about the office holder's remuneration and/or expenses for the period covered by the report has elapsed, then a Court Order is required to compel the office holder to provide further information about the

remuneration and expenses. A Court order is required to challenge the office holder's remuneration and/or expenses for the period covered by the report. Once that period has elapsed, then a separate Court Order is required to allow an application out of time.

Under rule 18.9 of the Insolvency (England and Wales) Rules 2006, 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 office holder's remuneration and expenses, within 21 days of receipt of any report for the period. Any secured creditor may request the same details in the same time limit.

Under rule 18.34, 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 office holder's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of any report for the period. Any secured creditor may make a similar application to court within the same time limit.

Under some old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.