Rule 2 47

Form 2 24B

The Insolvency Act 1986

# Administrator's progress report

# 2.24B

| | |
|---|---|
| Name of Company<br>Hiflex Fluidpower Limited | Company Number<br>01046614 |
| In the<br>High Court of Justice, Chancery Division, Companies Court<br>(full name of court) | Court case number<br>7127 of 2008 |

(a) Insert full name(s) and address(es) of administrator(s)

We David James Bennett of PricewaterhouseCoopers LLP, 9 Greyfriars Road, Reading, Berkshire RG1 1JG and Zelf Hussain and Colin Michael Trevethyn Haig both of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT

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

from | to
(b) Insert dates

(b) 22 August 2009 (b) 21 February 2010

Signed
Joint / Administrator(s)

Dated 19 March 2010

**Contact Details:**

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

| | |
|---|---|
| Adam Childs | |
| PricewaterhouseCoopers LLP Plumtree Court, London EC4A 4HT | |
| | Tel 0207 804 9407 |
| DX Number | DX Exchange |

THURSDAY

*PHR4QILU*
PC1 25/03/2010 363
COMPANIES HOUSE

n you have completed and signed this form please send it to the Registrar of Companies at

npanies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

PRICEWATERHOUSECOOPERS

**Hiflex Fluidpower Limited – in Administration**
**High Court of Justice, Chancery Division, Companies Court**
**Case No. 7127 of 2008**

# Joint Administrators' progress report for the six months ended 21 February 2010

**19 March 2010**

# Contents

# 1. Joint Administrators' progress report for the six months ended 21 February 2010

### Introduction

In accordance with Rule 2 47 of the Insolvency Rules 1986 ("IR86"), the Joint Administrators ("the Administrators") write to provide creditors with details of the progress of the Administration of Hiflex Fluidpower Limited (the "Company")

The Administrators are required to provide certain statutory information pursuant to Rule 2 47(1)(a) to (d) of IR86, which is shown in Section 2 of this report

### Adoption of the Administrators' proposals

On 17 October 2008, the Administrators circulated to creditors their proposals for achieving the purpose of the administration The proposals were approved by creditors, without modification, at a meeting held on 28 October 2008 A creditors' committee was not established as there were insufficient creditors willing to act on it

### Background information

The Company is a wholly owned subsidiary of Hiflex Europe Limited and was involved in the supply of hydraulic hose assemblies and associated equipment

Following the appointment of the Administrators on 22 August 2008, the employees were made redundant, the premises were secured and the Company ceased to trade

### Sale of business and assets

After considering various offers, the business and certain assets of the Company were sold to BMI Hose (Europe) Limited ("BMI") on 3 September 2008 for a total consideration of £280,000 A further sale of stock and vehicles to another party realised an additional £23,648

### Realisation of other assets

The Administrators have realised various assets including cash at bank and business rates refunds

As part of the sale of certain business and assets, a licence agreement was entered into with BMI to allow them to remain in the leased properties of the Company whilst they negotiated with the landlords regarding ongoing occupancy This agreement was terminated on 2 March 2009 and the Administrators have advised each landlord accordingly To date 11 out of 14 leases have been assigned or surrendered The Administrators are awaiting further confirmation from BMI as regards to the assignment or surrender of the remaining 3 properties

### Receipts and payments account

The receipts and payments account is set out in Section 3 of this report

### Outcome for creditors

Based on current information it is anticipated that there will be insufficient realisations to allow for a distribution to the unsecured creditors In accordance with the provisions of Section 176A(3), it is anticipated that as the Company's net property will be less than £10,000 and the cost of making the distribution will be disproportionate to the benefit, there will be no prescribed part distribution in this instance

It is currently uncertain whether there will be a return to unsecured creditors Farington Property Company Limited ("Farington") (formerly Unipoly Holdings Limited) holds fixed and floating charges over the Company's assets The charges support a guarantee liability given by the Company in respect of a loan made to Hiflex Europe Limited The Administrators have taken legal advice and as a result are considering making an application to Court to seek directions on the valuation of Farington's contingent claim against the Company pursuant to the guarantee

### Administrators' remuneration

The Administrators' remuneration is fixed by reference to time properly given by the Administrators and their staff We have provided in our previous progress reports an analysis of the Administrators' time costs and Category 2 disbursements from 22 August 2008 to 21 August 2009 totalling £238,752 35 and £1,066 28 respectively

# 1. Joint Administrators' progress report for the six months ended 21 February 2010

Section 4 of this report is the analysis of the Administrators' time costs and Category 2 disbursements for the period from 22 August 2009 to 21 February 2010

To date, no remuneration has been drawn by the Administrators as Farington have queried the fee resolution passed at the first meeting of creditors The Administrators are proposing therefore to apply to Court, not only to seek directions in relation to the valuation of Farington's claim against the Company but also in relation to the validity of the fees resolution passed

**Extension of Administration**

An Order was granted by the Court for the period of the Administration to be extended to 22 August 2010 to allow further time to resolve Farington's claim against the Company

**Next report**

The Adminstrators' next report to creditors will be at the earlier of the conclusion of the Administration or in approximately six months

DJ Bennett
Joint Adminstrator
Hiflex Fluidpower Limited

## 2. Statutory and other information

| | |
|---|---|
| **Court details for the Administration** | High Court of Justice, Chancery Division, Companies Court 7127 of 2008 |
| **Full name** | Hiflex Fluidpower Limited |
| **Trading name** | Hiflex Fluidpower Limited |
| **Registered number** | 01046614 |
| **Registered address** | 12 Plumtree Court, London, EC4A 4HT |
| **Company directors** | Mr D H Oldham, Mr R N Bird, Mr G B Green |
| **Company secretary** | Mr R N Bird |
| **Shareholdings held by the directors and secretary** | None |
| **Date of the Administration appointment** | 22 August 2008 |
| **Administrators' names and addresses** | David James Bennett of PricewaterhouseCoopers LLP, 9 Greyfriars Road, Reading, RG1 1JG, and Zelf Hussain and Colin Michael Trevethyn Haig of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT |
| **Changes in office holder** | None |
| **Appointor's / applicant's name and address** | The directors of the Company (i e Mr D H Oldham, Mr R N Bird, Mr G B Green of Hiflex House, Telford Road, Churchfields Industrial Estate, Salisbury, Wiltshire, SP2 7PH) |
| **Objective being pursued by the Administrators** | Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration) |
| **Division of the Administrators' responsibilities** | Where there are Joint Administrators, for the purposes of paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 the functions of the Administrators and any act required or authorised under any enactment to be done by an Administrator may be done by either or all of the Joint Administrators either jointly or severally or any persons for the time being holding that office |
| **Details of extension of Administration** | The Administration has been extended to 22 August 2010, by Order of the Court |
| **Proposed exit of the Administration** | Dissolution or Creditors' Voluntary Liquidation or compulsory liquidation, depending on whether there are sufficient funds with which to make a distribution to unsecured creditors |
| **Estimated dividend for unsecured creditors** | Nil |
| **Estimated values of the prescribed part and the company's net property** | Due to the level of the Company's net property, there will be no distribution to the unsecured creditors by way of the prescribed part |
| **Whether and why the Administrators intend to apply to court under Section 176A(5) IA86** | The Administrators do not consider that there will be sufficient funds to make a distribution to general unsecured creditors |
| **The European Regulation on Insolvency Proceedings (Council Regulation(EC) No 1346/2000 of 29 May 2000)** | The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings |

# 3. Receipts and payments account

| | Previously Reported for the period 22 Aug 2008 to 21 Aug 2009 £ | Movement from 22 August 2009 to 21 February 2010 £ | Cummulative for the period 22 Aug 2008 to 21 Feb 2010 £ |
|---|---|---|---|
| **Receipts** | | | |
| Sale of business and certain assets to BMI | | | |
| - Stock | 200,000 | | 200,000 |
| - Plant and machinery | 30,000 | | 30,000 |
| - Computer and equipment | 3,000 | | 3,000 |
| - Motor vehicles | 45,000 | | 45,000 |
| - Fixtures and Fittings | 2,000 | | 2,000 |
| | 280,000 | | 280,000 |
| Sale of assets to other parties | | | |
| - Stock | 19,898 | | 19,898 |
| - Plant and machinery | 3,750 | | 3,750 |
| | 23,648 | | 23,648 |
| Rent refunded from BMI | 87,991 | | 87,991 |
| Book Debts | | 44 | 44 |
| Refund of business rates | 9,888 | | 9,888 |
| Interest received | 4,556 | | 4,556 |
| Receipts from intercompany recharges | 653 | | 653 |
| Output VAT | 65,629 | | 65,629 |
| Cash from pre appointment bank account | 4,754 | | 4,754 |
| Dividends received | 36 | | 36 |
| **Total Receipts** | 477,155 | 44 | 477,199 |
| **Payments** | | | |
| Rent | 83,848 | | 83,848 |
| Land registry fee | 80 | | 80 |
| Statutory advertising and meeting cost | 6,390 | | 6,390 |
| Agents' fees | 27,373 | | 27,373 |
| Legal fees | 22,315 | 9,736 | 32,051 |
| Insurance | | 1,332 | 1,332 |
| Bank charges | 24 | 24 | 48 |
| Business rates | 1,595 | | 1,595 |
| Input VAT | 23,194 | 1,456 | 24,650 |
| VAT payment | 49,588 | | 49,588 |
| **Total Payments** | 214,407 | 12,548 | 226,955 |
| **Cash in hand (Movements)** | 262,748 | (12,504) | 250,244 |

## 4. Analysis of the Administrators' time costs and Category 2 disbursements for the period 22 August 2009 to 21 February 2010

**Time costs summary for the period 22 August 2009 to 21 February 2010**

| Classification of work | Director (hrs) | Senior Manager (hrs) | Manager (hrs) | Other (hrs) | Total time (hrs) | Total cost (£) | Average hourly rates (£) |
|---|---|---|---|---|---|---|---|
| Strategy and planning | 4 50 | 3 20 | - | 1 50 | 9 20 | 2,745 00 | 298 37 |
| Realisation of assets | - | 5 60 | - | - | 5 60 | 1,680 00 | 300 00 |
| Statutory and other compliance | - | 1 90 | - | 16 80 | 18 70 | 3,426 00 | 183 21 |
| Employees and pension | - | 0 70 | - | 6 80 | 7 50 | 1,366 00 | 182 13 |
| Creditors/liabilities | - | 4 10 | - | 15 50 | 19 60 | 3,865 00 | 197 19 |
| Accounting and treasury | - | 0 30 | 0 20 | 6 10 | 6 60 | 1,177 00 | 178 33 |
| Tax / VAT | - | 2 10 | 2 10 | 0 60 | 4 80 | 2,639 40 | 549 88 |
| **Total to date** | **4 50** | **17.90** | **2 30** | **47 30** | **72 00** | **16,898 40** | |
| **Total time cost (£)** | **1,530 00** | **6,283.50** | **1,005 50** | **8,079 40** | **16,898.40** | | |
| **Average hourly rate (£)** | **340 00** | **351 03** | **437 17** | **170 81** | **234 70** | | |

**Narrative of work carried out for the period 22 August 2009 to 21 February 2010**

- Strategy and planning - £2,745 00
  - Team meetings,
  - Consideration of appropriate strategy for dealing with known claims and potential future claims, including obtaining legal advice,
  - Researching and collating information in respect of the most appropriate strategy and exit route from Administration,
  - Updating and implementing the Administration strategy

- Realisation of assets - £1,680 00
  - Ensuring that sale consideration is received and other aspects of the agreements are adhered to

- Statutory and compliance matters - £3,426 00
  - Statutory filings at Companies House and the Court,
  - Preparing and circulating the Administrators' second progress report

## 4. Analysis of the Administrators' time costs and Category 2 disbursements for the period 22 August 2009 to 21 February 2010

- Employee and pension £1,366 00
  - Dealing with queries from employees,
  - Corresponding with the Pension Regulator and the Pension Protection Fund

- Creditors/liabilities - £3,865 00
  - Dealing with queries and correspondence from creditors,
  - Dealing with retention of title creditors in relation to their stock,
  - Liaising with BMI Hose (Europe) Limited to ensure that creditors are corresponded with appropriately, considering the arrangements agreed within the sale and purchase agreement,
  - Liaising with BMI Hose (Europe) Limited regarding the licence to occupy the Company's leased properties and associated rent payments

- Accounting and treasury - £1,177 00
  - Processing receipts and payments,
  - Reconciling bank statements to the cash book

- Tax and VAT - £2,639 40
  - Completion of post appointment VAT returns,
  - Completion of post appointment Corporation Tax return,
  - Corresponding with Her Majesty's Revenue & Customs

**Category 2 disbursements for the period 22 August 2009 to 21 February 2010**

Printing £54 00

## 4. Analysis of the Administrators' time costs and Category 2 disbursements for the period 22 August 2009 to 21 February 2010

**Summary of legal and other professional firms instructed in the period 22 August 2009 to 21 February 2010**

| Service provided | Name of firm / organisation | Reason selected | Basis of fees |
|---|---|---|---|
| Legal advice | Kennedys LLP | Prior experience of the Company and insolvency matters | Time costs |

**Office holder's charging and disbursement policy**

The time charged to the Administration is by reference to the time properly given by the Administrators and their staff in attending to matters arising

It is the Administrators' policy to delegate tasks in the Administration to appropriate members of staff considering their level of experience and any requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or the Administrators themselves

Set out below are the relevant charge-out rates per hour worked for the grades of the Administrators' staff actually or likely to be involved on this assignment Time is charged by reference to actual work carried out on the assignment There has been no allocation of any general costs or overhead costs

| Grade | Relevant maximum charge out rate per hour £ |
|---|---|
| Partner | 450 |
| Director | 340 |
| Senior Manager | 300 |
| Manager | 250 |
| Other | 170 |

# 4. Analysis of the Administrators' time costs and Category 2 disbursements for the period 22 August 2009 to 21 February 2010

Specialist departments within the Administrators' firm such as Tax, VAT, Property and Pensions may charge a number of hours if and when the Administrators require their expert advice  Such specialists' rates do vary but the figures below provide an indication of the maximum rate per hour

| Grade | Relevant maximum charge out rate per hour £ |
|---|---|
| Partner | 879 |
| Director | 788 |
| Senior Manager | 735 |
| Manager | 455 |
| Senior associate / Consultant | 325 |
| Associate / Assistant Consultant | 234 |
| Support staff / Client Service Administrator | 90 |

In common with all professional firms, the scale rates used by the Administrators may periodically rise (for example to cover annual inflationary cost increases) over the period of the Administration  Any material amendments to these rates will be advised to the creditors and / or the creditors' committee in the next statutory report

The Administrators' firm's expenses policy allows for all properly incurred expenses to be recharged to the case  Disbursements are charged to the assignment as follows -

**Disbursements for services provided by the Administrators' own firm(s) (Category 2 disbursements)**

| | |
|---|---|
| **Photocopying** | At 3 pence per sheet copied, only charged for circulars to creditors and other bulk copying |

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COPY

The Registrar of Companies
Companies House
Crown Way
Maindy
Cardiff
CF14 3UZ

22 March 2010

*When telephoning please ask for Adam Childs*

Our ref DJB/AGW/ADC/D470C PC2274

Dear Sir

**Hiflex Fluidpower Limited - in administration**
**Company Number 01046614**

I enclose a copy of the administrators' interim progress report for the period 22 August 2009 to 21 February 2010 attached to Form 2 24B

Please confirm receipt by stamping and returning the duplicate of this letter enclosed

Yours faithfully
For and on behalf of
Hiflex Fluidpower Limited

AG White
For DJ Bennett
Joint administrator

Enclosures Form 2 24B
Interim progress report

*DJ Bennett, Z Hussain and CMT Haig were appointed as Joint Administrators of Hiflex Fluidpower Limited on 22 August 2008 to manage its affairs, business and property as its agents DJ Bennett, Z Hussain and CMT Haig are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales*