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10 January 2012

Dear Sir / Madam

**Servosteel Limited - In Liquidation ("the Company")**

In accordance with Rule 4 49B of the Insolvency Rules 1986 (as amended), I enclose my first progress report covering the period from 12 November 2010 to 11 November 2011

Yours faithfully



**C J FARRINGTON**  
Joint Liquidator



The Company is being wound up following the appointment of Christopher James Farrington and William Kenneth Dawson as Joint Liquidators

Important Notice: Partners, Associate Partners and Directors acting as receivers and administrators contract without personal liability. Unless otherwise shown, all appointment taking Partners, Associate Partners and Directors are authorised by The Institute of Chartered Accountants in England and Wales. In addition Brian William Milne is a Licensed Insolvency Practitioner authorised by The Institute of Chartered Accountants of Scotland. All licensed insolvency practitioners of Deloitte LLP are licensed in the UK to act as insolvency practitioners.

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01654321

**SERVOSTEEL LIMITED  
(IN LIQUIDATION)  
("the Company")**

**Court No. 232 of 2011 and 1452 of 2003**

**ANNUAL PROGRESS REPORT TO CREDITORS PURSUANT TO RULE 4.49B OF THE  
INSOLVENCY RULES 1986 (AS AMENDED)**

**10 January 2012**

This report has been prepared for the sole purpose of updating the Creditors for information purposes. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by Creditors for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever.

Christopher James Farrington and William Kenneth Dawson were appointed Joint Liquidators of Servosteel Limited on 12 November 2010.

All licensed Insolvency Practitioners of Deloitte LLP are licensed in the UK to act as Insolvency Practitioners.

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## **ABBREVIATIONS**

**For the purpose of** this report the following abbreviations shall be used

"the Act"	Insolvency Act 1986 (as amended)
"the Rules"	Insolvency Rules 1986 (as amended)
"the Liquidators"	Christopher James Farrington and William Kenneth Dawson of Deloitte LLP
"the Company"	Servosteel Limited (in Liquidation)
"Deloitte"	Deloitte LLP
"SIP7 (E&W)"	Statement of Insolvency Practice 7 (England & Wales)
"SIP13 (E&W)"	Statement of Insolvency Practice 13 (England & Wales)

## **1. INTRODUCTION**

### **1.1 Introduction**

This report has been prepared in accordance with Rule 4.49B of the Rules to provide creditors with an update on the progress of the Liquidation of the Company since our appointment as Joint Liquidators

A schedule of statutory information in respect of the Company is attached at Appendix 1

### **1.2 Details of the appointment of the Liquidators**

Christopher James Farrington and William Kenneth Dawson of Deloitte were appointed Joint Liquidators of the Company by the Court following cessation of the Administration on 12 November 2010

For the purposes of section 231 of the Act the Liquidators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally

## **2. JOINT LIQUIDATORS' RECEIPTS AND PAYMENTS ACCOUNT**

### **2.1 Introduction**

Attached at Appendix 2 is a Receipts and Payments account covering the period from 12 November 2010 to 11 November 2011 in accordance with SIP7 (E&W)

In this section, we have summarised the main asset realisations during the 12 month period

#### **Asset realisations**

The balance of £10,320 in the Administration was transferred to the Liquidation estate and further receipts comprise a VAT refund of £5,588 46 and a distribution of £20,966 82 from an inter company debtor

### **2.2 Estimated future realisations**

No further realisations are anticipated

### **2.3 Estimated outcome for creditors**

Funds are available for a distribution to the preferential creditors (see section 3 2 below)

There will be no distribution to the Company's unsecured creditors

### **3. DISTRIBUTIONS TO CREDITORS**

#### **3.1 Secured creditors**

The Company's secured creditors were paid in full from realisations in the preceding Administration

#### **3.2 Preferential creditors**

The claims of the Company's preferential creditors have been agreed as follows

	£
HM Revenue & Customs (PAYE and NIC)	411,170 86
HM Revenue & Customs (VAT)	
- Group registration, joint and several liability	218,711 05
Redundancy Payments Office ("RPO")	10,568 36
Employees (2 claims not submitted to the RPO)	776 57
	<hr/>
	641,226 84
	<hr/>

The directors' Statement of Affairs in the Administration indicated total preferential claims of £521,541 as follows

	£
HM Revenue & Customs (PAYE and NIC)	221,470 00
HM Revenue & Customs (VAT)	256,565 00
Employee claims	43,506 00
	<hr/>
	521,541 00
	<hr/>

A dividend of 2 4388p in the £ was paid to the preferential creditors on 5 January 2012

#### **3.3 Unsecured creditors**

As stated above there will be no funds available for distribution to the unsecured creditors

#### **4. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS**

##### **4.1 Investigations**

The Joint Administrators submitted confidential reports on the directors conduct in accordance with the requirements of the Company Directors Disqualification Act 1986. As the Company is now in compulsory liquidation it falls to the Official Receiver to submit reports in the liquidation.

As you are aware the Joint Administrators obtained Judgement against Mr Fabb but following his bankruptcy were unable to make any recovery.

##### **4.2 SIP13 (E&W) – Transactions with connected parties**

In accordance with the guidance given in SIP13 (E&W), we confirm that there have been no transactions with connected parties during the period of this report or in the two years prior to our appointment.

##### **4.3 EC Regulations**

Council Regulation (EC) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation.



## 5. JOINT LIQUIDATORS' REMUNERATION AND EXPENSES

### 5.1 Joint Liquidators' Remuneration

#### 5.1.1 Basis of Remuneration

The Liquidators' remuneration was fixed on a time cost basis on 21 January 2011 by the creditors at a meeting of creditors held on that date

#### 5.1.2 Remuneration

Remuneration charged during the period of this report is summarised at Appendix 3. Total time costs for the period amount to £9,965.00 over 34.36 hours, giving an average hourly rate of £290.02.

The work has been categorised into the following task headings and sub categories:

- **Administration and planning** includes case planning, case set-up, notification of appointment, maintenance of our case files and insolvency case record, statutory reporting, compliance, cashing and accounting
- **Realisation of Assets** includes VAT and taxation matters
- **Creditors** includes set-up of creditor records, creditor communications, preferential claims, unsecured claims, secured and employee claims

"A Creditors' Guide to Liquidators' Remuneration" is available for download at

[http://www.r3.org.uk/media/documents/technical\\_library/SIPS/SIP-9-EW-INTER.pdf](http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP-9-EW-INTER.pdf)

Should you require a paper copy, please send your request in writing to the Liquidators at the address on the front of this report and this will be provided to you at no cost.

#### 5.1.3 Expenses

The Liquidators' direct expenses for the period of this report are as follows:

Nature of expenses	Total (£)
Insolvency Bordereau	36.00
<b>Total</b>	<b>36.00</b>

### 5.2 Charge out rates

The range of charge out rates for the separate categories of staff is based on our 2011 charge out rates as summarised below. Manager rates include all grades of assistant manager.

Grade	£
Partners/Directors	560 to 895
Managers	280 to 670
Assistants and Support Staff	175 to 280

The above bands are specific to the Restructuring Services department partners and staff. In certain circumstances the use of specialists from other Deloitte departments such as Tax/VAT, Corporate Finance or Drivers Jonas Deloitte may be required on the case. These departments may charge rates that fall outside the Restructuring Services department bands quoted above so, where such specialists have performed work on the case, average rates may also fall outside the Restructuring Services department bands.

All partners and technical staff (including cashiers) assigned to the case record their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

With effect from 1 January 2012, charge out rates were increased by an average 5% and the charge out rate bandings have been amended, where applicable, to reflect this change.

### **5.3 Creditors' right to request further information**

Any secured creditor or, unsecured creditor with the support of at least 5% in value of the unsecured creditors or, with leave of the Court, may, in writing, request the Liquidators to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 4.49E(2)(b) of the Rules.

### **5.4 Creditors' right to challenge Remuneration and/or Expenses**

Any secured creditor or, unsecured creditor with the support of at least 10% in value of the unsecured creditors or, with leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 4.131 of the Rules), reducing the amount or the basis of remuneration which the Liquidators are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within 8 weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 4.131(1B) of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.

**SERVOSTEEL LIMITED (IN LIQUIDATION)****STATUTORY INFORMATION**

Company Name	Servosteel Limited
Previous Names	Fabb Group Transport Limited
Proceedings	In Liquidation
Court	High Court of Justice, Manchester District Registry
Court Reference	232 of 2011 and 1452 of 2003
Date of Appointment	12 November 2010
Joint Liquidators	Christopher James Farrington and William Kenneth Dawson Deloitte LLP Four Brindleyplace Birmingham B1 2HZ
Registered office Address	c/o Deloitte LLP Four Brindleyplace Birmingham B1 2HZ
Company Number	01654321
Incorporation Date	27 July 1982
Company Secretary	Pauline J Bailey
Bankers	National Westminster Bank plc
Auditors	BDO Stoy Hayward
Appointment by	The Court
Directors at date of Appointment	David L Fabb Pauline J Bailey
Directors' Shareholdings	N/A

**Servosteel Limited  
(In Liquidation)**

**Receipts and Payments Account for the period from  
12 November 2010 to 11 November 2011**

<b>Receipts</b>	<b>Notes</b>	<b>£</b>
Book Debts		20,966 82
VAT Refund	1	5,588 46
Cash at Bank	2	10,319 78
Petitioning Creditor's Deposit		1,000 00
		<b>37,875.06</b>
<b>Payments</b>		
O R Remuneration		2,235 00
DTI ISA Cheque Issue Fee		1 45
Secretary of State Fee		6,662 99
Liquidators Fees	3	5,072 40
Liquidators Expenses		36 00
Statutory Advertising		76 50
Bank Charges		54 00
		<b>14,138.34</b>
<b>Balance</b>		<b>23,736.72</b>
<b>MADE UP AS FOLLOWS</b>		
VAT on Payments	1	1,036 98
ISA IB	2	22,699 74
		<b>23,736.72</b>

**Notes**

- 1 The Company was formerly registered for VAT, all sums shown on the above account are shown net of VAT. The current VAT position shows a refund of £1,036 98 due to the Company from HM Revenue & Customs.
- 2 Funds are held on an interest bearing account at The Insolvency Service. We have not yet been advised of the interest earned during the period.
- 3 At a meeting of creditors held on 21 January 2011 the creditors passed a resolution authorising the Liquidator to draw fees on a time cost basis.

**Servosteel Limited**  
(In Liquidation)

Time costs for the period 12 November 2010 to 11 November 2011

	Partners & Directors		Managers		Assistants & Support		TOTAL		Average Hourly Rate Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
<b>Administration and Planning</b>									
Cashiering and Statutory Filing	-	-	4 00	1,395 50	4 80	1,284 00	8 80	2,679 50	304 49
Case Supervision, Management and Closure	-	-	7 50	2,217 00	1 06	225 50	8 56	2,442 50	285 34
Initial Actions (e.g. Notification of Appointment, Securing Assets)	-	-	5 80	1,595 00	-	-	5 80	1,595 00	275 00
General Reporting	-	-	-	-	-	-	-	-	-
Liaison with Other Insolvency Practitioners	-	-	-	-	-	-	-	-	-
	-	-	17 30	5,207 50	5 86	1,509 50	23 16	6,717 00	290 03
<b>Investigations</b>									
Investigations	-	-	-	-	-	-	-	-	-
Reports on Directors' Conduct	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>Trading</b>									
Day 1 Control of Trading	-	-	-	-	-	-	-	-	-
Ongoing Trading	-	-	-	-	-	-	-	-	-
Monitoring Trading	-	-	-	-	-	-	-	-	-
Closure of Trade	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>Realisation of Assets</b>									
Book Debts	-	-	-	-	-	-	-	-	-
Other Assets (e.g. Stock)	-	-	-	-	-	-	-	-	-
Plant and Equipment, Fixtures and Fittings and Vehicles	-	-	-	-	-	-	-	-	-
Property - Freehold and Leasehold	-	-	-	-	-	-	-	-	-
Retention of Title	-	-	-	-	-	-	-	-	-
Sale of Business / Assets	-	-	-	-	-	-	-	-	-
Third Party Assets	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>Creditors</b>									
Employees	-	-	0 40	116 00	-	-	0 40	116 00	290 00
Preferential	-	-	9 90	2,871 00	-	-	9 90	2,871 00	290 00
Secured	-	-	-	-	-	-	-	-	-
Shareholders	-	-	-	-	-	-	-	-	-
Unsecured	-	-	0 30	87 00	-	-	0 30	87 00	290 00
	-	-	10 60	3,074 00	-	-	10 60	3,074 00	290 00
<b>Other Matters Include</b>									
Litigation	-	-	-	-	-	-	-	-	-
Pensions	-	-	-	-	-	-	-	-	-
Tax and VAT	-	-	0 60	174 00	-	-	0 60	174 00	290 00
	-	-	0 60	174 00	-	-	0 60	174 00	290 00
	-	-	-	-	-	-	-	-	-
<b>TOTAL HOURS &amp; COST</b>	-	-	28 50	8,455 50	5 86	1,509 50	34 36	9,965 00	290 02

5,072 40

TOTAL FEES DRAWN TO DATE