

The Insolvency Act 1986

**Administrator's progress report****2.24B**

Name of Company <b>Avent Engineering Ltd</b>	Company number <b>01895378</b>
In the <b>Manchester District Registry</b> <small>[full name of court]</small>	Court case number <b>3599 of 2008</b>

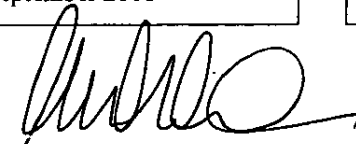
(a) Insert full name(s) and address(es) of administrator(s)

I/We (a) Mark Peter George Roach and Dermot Power of BDO Stoy Hayward LLP Fourth Floor, One Victoria Street, Bristol, BS1 6AA

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

(b) Insert date	From (b) 25 September 2008	to (b) 24 March 2009
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Signed



Joint/administrator(s)

Dated

6.4.09

**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

BDO Stoy Hayward LLP, Fourth Floor, One Victoria Street, Bristol, BS1 6AA.	
Our Ref MR/KH/2166/A6	Tel 0117 930 1500
DX Number	DX Exchange

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

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff



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09/04/2009

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COMPANIES HOUSE

THURSDAY



**BDO Stoy Hayward LLP**  
Chartered Accountants

One Victoria Street  
Bristol BS1 6AA  
Telephone: +44 (0)117 930 1500  
Facsimile: +44 (0)117 930 1505  
Website: www.bdo.co.uk

6 April 2009

Your Ref  
Our Ref MR/KH/2166/A6

Please ask for Lyndsay Scholefield  
Direct Line: 0161 817 7544

## **TO ALL CREDITORS**

Dear Sirs

### **Avent Engineering Ltd - In Administration**



COMPANIES HOUSE

It is now six months since my appointment in respect of the Company. In accordance with Rule 2.47 of the Insolvency Rules 1986, we are now reporting the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration.

#### **1 Statutory Information**

The Joint Administrators are Mark Peter George Roach and Dermot Justin Power of BDO Stoy Hayward LLP, Fourth Floor, One Victoria Street, Bristol, BS1 6AA and Commercial Buildings, 11-15 Cross Street, Manchester M2 1BD respectively and they were appointed in respect of the above Company on 25 September 2008. Under the provisions of paragraph 100(2) of schedule B1 of the Insolvency Act 1986 the Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.

The Joint Administrators were appointed by Allied Irish Bank Group (UK) Plc ("AIB"), the qualifying floating chargeholder, pursuant to Paragraph 14 of schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the Manchester District Registry and the court case number is 3599 of 2008.

The Company's registered office is situated at Fourth Floor, One Victoria Street, Bristol, BS1 6AA and the registered number is 01895378.

We enclose, for your information, a summary of my receipts and payments to date showing a balance in hand of £213,803.33 together with a copy of my abstract account covering the last six month period, and report as follows:



## **2 Receipts**

The receipts shown are largely self-explanatory, although we would comment specifically on the following matters;

### **2.1 Freehold Land & Property**

- 2.1.1 As previously reported, a sale of the freehold land and property at Bath Industrial Estate in Chippenham, was completed in November 2008 for the sum of £725,000. This was the result of successful negotiations between Bathwick Tyres Ltd and the Joint Administrators in completing the contract that had been drawn up between the parties prior to the Administration, thus increasing realisations to the secured creditor, AIB, in excess of any value that would have been achieved in a forced sale. After deduction of the associated costs, an amount of £714,090.68 was transferred to AIB on the same day, under its fixed charge.

### **2.2 Book Debts**

- 2.2.1 As outlined in the Joint Administrators proposals it was not possible to secure a sale of the business as a going concern, therefore it is our intention to maximise realisations to creditors through the recovery of the assets of the Company. Therefore, the main focus since our appointment has been on the recovery of the Company's book debt ledger, as this will be the principal source of recoveries in the Administration.
- 2.2.2 The book debt ledger at the date of our appointment was estimated by the Company to be approximately £4 million. However, on investigation of this balance by our agents, a significant proportion was not recoverable due to ongoing defect periods, counter claims and disputes.
- 2.2.3 Book debt recoveries have significantly increased over the preceding six month period and to date a total of approximately £316,000 has been collected against a ledger of £510,000, in relation to some smaller 'project' debts that were outstanding to the Company at the date of our appointment.
- 2.2.4 This successful recovery has been as a direct result of the actions taken following our appointment, the retention of key employees to collate and document contract paperwork, and the engagement of our agents to perfect and review the book debt ledger. Our agents continue to pursue the remaining balance of £194,000 in relation to the project debts and recovery of this amount is estimated to be completed by December 2010, as all of the contractual defect periods will have expired by this time.
- 2.2.5 There are two significant contract debts that remain outstanding to the Company, which continue to be vigorously pursued by our agents. The first debt amounts to approximately £1.5 million, however, following initial discussions with the debtor our agents have advised that an early settlement of the debt will not be forthcoming as there is a two year defect period under the contract that they wish to exercise.

Therefore, our agents have estimated that the likely timing of any realisation in this matter will be October 2009. The level of realisations achieved will be dependant upon any valid counter claims made by the debtor, in relation to the associated defect costs incurred during the two year period.

- 2.2.6 The second outstanding debt amounts to approximately £1 million, however, at the date of our appointment there was a period of four and a half years left under the contract. Therefore, our agents initially advised that they anticipated that there would be significant offset claims in relation to reinstatement costs of the contract. However, sufficient time has now passed in order for these costs to have been established and therefore our agents have requested details of the associated reinstatement costs from the debtor. A list has been provided and as anticipated, the total costs extinguish any debt due to the Company.
- 2.2.7 These costs are currently being analysed by our agents and the former Director of the Company, as a significant amount of the costs appear spurious. Documentation to evidence these costs has been requested from the debtor, however, to date we have not received this information. Negotiations are ongoing and therefore we are unable to quantify the likely level of realisations in this matter at this time. Our agents will continue to pursue this debt.
- 2.2.8 We are uncertain at this stage of the likely level of recoveries in relation to these contract debts. We will provide an update on the progress of these collections in our next formal report due in 6 months.

### **2.3 Outstanding claim brought by the Company**

- 2.3.1 As previously advised, upon our appointment we were advised by the Director that a potential action was being brought against a debtor of the Company, for an amount exceeding £1 million. The Director confirmed that he had already instructed agents to commence preparing the necessary papers in respect of this action and that the matter was due to be adjudicated in mid October 2008.
- 2.3.2 The claim has been investigated by ourselves and our agents. We are in the process of determining the best course of action to pursue this claim further, given that the debtor disputes all amounts that are due and claimed by the Company.
- 2.3.3 Given the disputes in relation to this claim, we are uncertain of the likely level of realisation from this claim.

### **2.4 Insurance Claims**

- 2.4.1 At the date of our appointment, there were two outstanding insurance claims being pursued by the Company in respect of an oil spillage in Salisbury and a sewage spillage in Swanage.

2.4.2 We can confirm that our agents reached a settlement of approximately £21,500 in relation to Salisbury and that we are in receipt of the funds.

2.4.3 In relation to Swanage, our agents have advised that they are continuing negotiations with the loss adjuster and have provided them with all the information they have requested. The loss adjusters have recently confirmed that they are awaiting costings from a third party. Our agents will continue to pursue this claim.

## **2.5 Refunds**

2.5.1 Various refunds have been received into the Administration account amounting to approximately £12,000, in this respect of business rate refunds, tax refunds and insurance refunds.

## **2.6 Furniture, Equipment and Chattel Assets**

2.6.1 As previously advised, we instructed valuation agents to review the Company's asset register and secure realisations from such assets. Although the majority of the assets were found to have little realisable value, our agents have successfully recovered approximately £2,000. No further realisations are expected from this source.

## **2.7 Cash at Bank & Petty Cash**

2.7.1 An amount of approximately £9,000 has been received in relation to cash held at the Company's former bank account and £1,000 in relation to petty cash sums collected from the Company's premises at the date of our appointment.

## **3 Payments**

3.1 As with those receipts mentioned above, creditors will note that many of the payments made through the Administration account have been made in accordance with statutory requirements and are self explanatory. Such items include statutory advertising, storage costs for the Company's books and records recovered from several offices and bank charges. However, I would comment on the following expenditure:

3.2 A distribution of £714,090.68 was made to AIB in November 2008 under their fixed charge and in relation to the proceeds recovered from the sale of property as previously advised. No further distributions are anticipated under the Bank's fixed charge although as there remains a debt to the chargeholder of approximately £1 million, distributions are likely to be made under their floating charge.

3.3 Although the Company did not continue to trade following our appointment, it was necessary to retain the use of the former Company premises in Exeter and Chippenham for a short period to allow the retained employees to assist in the overall book debt collection as mentioned above. Wage payments of approximately £74,000 were therefore made to those employees, including expenses of £3,000 and

vehicle hire costs of £2,000. The utility companies were also reimbursed for the costs incurred in keeping these sites open, which amounted to approximately £6,000.

- 3.4 A payment of approximately £30,000 has been made to our agents for the services provided in respect of the recovery of the Company's book debts, and the realisation of the Company's chattel assets.

#### **4 Future of the Administration**

- 4.1 As mentioned earlier in this report, the main objective of this Administration is to realise the remaining Company assets for the benefit of the creditors as a whole. We will therefore continue to monitor the book debt recoveries and seek to maximise the realisations under this heading.

- 4.2 It is anticipated that the Company will be placed into Creditors' Voluntary Liquidation should realisations be sufficient to warrant a distribution under the prescribed part, per the proposals sanctioned at the meeting of creditors on 3 December 2008. If realisations are insufficient to enable a dividend to unsecured creditors, the Company will be dissolved.

#### **5 Prospects for Creditors**

##### **5.1 Secured Creditor**

- 5.1.1 A distribution has already been made to the secured creditor, AIB, under their fixed charge and further distributions are anticipated under their floating charge but are not quantifiable at this stage, as they are dependant upon the outcome of the book debt realisations which are uncertain.

##### **5.2 Preferential Creditors**

- 5.2.1 Preferential creditors currently have claims against the Company of approximately £60,000, although this is yet to be finalised by the Redundancy Payments Office. Any distribution to this class of creditor will be made in priority to that of the floating charge creditor and deduction of the prescribed part as mentioned below.

##### **5.3 Prescribed Part**

- 5.3.1 Under Section 176A of the Insolvency Act 1986, where after 15 September 2003 a company has granted to a creditor a floating charge, a proportion of the net property of the company must be made available purely for the unsecured creditors.
- 5.3.2 A fixed and floating charge was created in favour of AIB on 27 May 2005 and therefore the prescribed part will apply in this instance.
- 5.3.3 Based on present information it is still uncertain whether there will be sufficient funds available for a prescribed part distribution given the uncertain nature of the

total book debt recovery. However, creditors will be informed as the case proceeds in this regard.

#### **5.4 Unsecured Creditors**

- 5.4.1 Given the level of indebtedness to the secured creditor, we do not anticipate there being sufficient funds available for a distribution to the unsecured creditors, other than that available under the prescribed part mentioned above.

#### **6 Administrators' Remuneration**

- 6.1.1 The creditors have already approved the Joint Administrators' remuneration on a time costs basis and to date costs of £175,170 have accrued but not yet been drawn. We attach a schedule which summarises the time costs drawn to date and indicates the work undertaken in that respect.

#### **7 Disbursements**

- 7.1.1 Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements. We therefore report that since my last report the sum of £4,466 has been accrued but not yet drawn in respect of category 1 disbursements for travel, postage/stationary, couriers and statutory case insurance.

Yours faithfully  
for and on behalf of Avent Engineering Ltd



Mark Roach  
Joint Administrator  
Authorised by the Insolvency Practitioners Association

**Avent Engineering Limited  
(In Administration)**

**Income and Expenditure Account  
To 03 April 2009**

<b>INCOME</b>	<b>Total (£)</b>
Freehold Land & Property	725,000.00
Buyers Rent Apportionment	5,221.44
Furniture & Equipment	2,394.75
Book Debts	315,951.36
Tax Refund	271.28
Insurance Refund	21,521.53
Cash at Bank	9,316.10
Rates Refund	297.35
Sundry Refund	11,338.33
Petty Cash	1,363.98
	<u>1,092,676.12</u>
 <b>EXPENDITURE</b>	
Insurance	750.00
Legal Fees	7,800.00
Rent Arrears	6,650.00
Banking Fees	25.00
Insurance Apportionment	286.38
Chargeholder (1)	714,090.68
Employee Expenses	3,214.42
Utilities	4,077.75
Agents/Valuers Fees (1)	30,067.42
Legal Fees (1)	23,016.70
Security Costs	216.40
Telephone Telex & Fax	521.00
Investment Management Fees	1,000.00
Vehicle Expenses	2,212.02
Storage Costs	546.34
Statutory Advertising	388.63
Other Property Expenses	1,700.18
Wages & Salaries	73,552.63
PAYE & NI	8,000.92
Bank Charges	247.78
Sundry Costs	508.54
	<u>878,872.79</u>
Balance	<u>213,803.33</u>
 <b>MADE UP AS FOLLOWS</b>	
Vat Receivable	3,289.52
Floating Current A/c	210,513.81
	<u>213,803.33</u>



**Avent Engineering Limited**  
**(In Administration)**  
**Joint Administrators' Trading Account**

Statement of Affairs	From 24/03/2009 To 24/09/2009	From 25/09/2008 To 24/09/2009
TRADING EXPENDITURE		
Insurance	NIL	750.00
	NIL	(750.00)
TRADING SURPLUS/(DEFICIT)	NIL	(750.00)

**Avent Engineering Limited**  
**(In Administration)**  
**Joint Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 24/03/2009 To 24/09/2009	From 25/09/2008 To 24/09/2009
<b>SECURED ASSETS</b>		
Freehold Land & Property	NIL	725,000.00
Buyers Rent Apportionment	NIL	5,221.44
	NIL	730,221.44
<b>COSTS OF REALISATION</b>		
Legal Fees	NIL	7,800.00
Rent Arrears	NIL	6,650.00
Banking Fees	NIL	25.00
Insurance Apportionment	NIL	286.38
	NIL	(14,761.38)
<b>SECURED CREDITORS</b>		
Chargeholder (1)	NIL	714,090.68
	NIL	(714,090.68)
<b>ASSET REALISATIONS</b>		
Furniture & Equipment	NIL	2,394.75
Book Debts	8,398.24	315,951.36
Tax Refund	NIL	271.28
Insurance Refund	NIL	21,521.53
Cash at Bank	NIL	9,316.10
Rates Refund	NIL	297.35
Trading Surplus/(Deficit)	NIL	(750.00)
Sundry Refund	NIL	11,338.33
Petty Cash	NIL	1,363.98
	8,398.24	361,704.68
<b>COST OF REALISATIONS</b>		
Employee Expenses	NIL	3,214.42
Utilities	NIL	4,077.75
Agents/Valuers Fees (1)	NIL	30,067.42
Legal Fees (1)	NIL	23,016.70
Security Costs	NIL	216.40
Telephone Telex & Fax	NIL	521.00
Investment Management Fees	NIL	1,000.00
Vehicle Expenses	NIL	2,212.02
Storage Costs	NIL	546.34
Statutory Advertising	NIL	388.63
Other Property Expenses	NIL	1,700.18
Wages & Salaries	NIL	73,552.63
PAYE & NI	NIL	8,000.92
Bank Charges	NIL	247.78
Sundry Costs	NIL	508.54
	NIL	(149,270.73)
	<u>8,398.24</u>	<u>213,803.33</u>

REPRESENTED BY

Vat Receivable  
Floating Current A/c

3,289.52  
210,513.81  
213,803.33

.....  
Dermot Justin Power  
Joint Administrator

## Summary of Time Charged and Rates Applicable for the Period From 13/09/2008 to 10/04/2009

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AVRT
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	
A. Pre Appointment Matters															
B. Steps on Appointment	1.50	486.00	62.00	16,923.00	24.00	4,714.00			72.80	10,581.80	6.00	1,944.00	166.30	34,648.80	175.11
C. Planning and Strategy	3.00	1,353.00	8.00	2,486.00	2.00	388.00					1.00	324.00	14.00	4,551.00	208.35
D. General Administration			3.25	666.50	108.50	21,419.00	34.00	5,619.50	153.45	16,159.55	25.55	3,278.60	324.75	47,143.15	325.07
E. Assets Realisation/Dealing			47.15	13,310.10	28.00	5,460.00			3.50	577.30	12.00	3,933.90	90.65	23,281.30	145.17
F. Trading Related Matters					25.00	4,850.00							25.00	4,850.00	256.83
G. Employee Matters			17.15	3,328.50	23.50	4,559.00			131.95	14,497.75	8.50	2,755.20	181.10	25,140.45	194.00
H. Creditor Claims	5.00	2,255.00	5.00	971.60					77.55	8,157.25	2.00	652.50	89.55	12,036.35	138.82
I. Reporting	1.50	676.50	49.65	13,849.60	19.00	3,706.00			12.90	1,948.05	2.25	732.00	85.30	20,912.15	134.41
K. Work									0.95	127.70			0.95	127.70	245.28
	11.00	4,770.50	202.70	53,572.30	230.00	45,096.00	34.00	5,619.50	456.70	52,491.40	57.30	13,620.20			134.42

## Net Total

Secretarial Expense  
Other Disbursements  
Billed

## Grand Total

991.70	175,169.90
	0.00
	4,466.48
	0.00
	179,636.38