Rule 2.33 **Form F2.18**

The Insolvency Act 1986

Notice of deemed approval of proposals

	Name of Company	Company number
	RotaDyne (U K) Limited	02739202
(full name of court)	In the High Court of Justice, Chancery Division, Companies Court	Court case number 1526 of 2016
(a) Insert full name(s) and address(es) of administrator(s)	I/We (a) Christopher James Farrington Deloitte LLP Four Brindleyplace Birmingham B1 2HZ	Matthew James Cowlishaw Deloitte LLP Four Brindleyplace Birmingham B1 2HZ

(b) Insert name and address of the registered office of company

having been appointed administrator(s) of (b) RotaDyne (U K) Limited , Deloitte LLP, Four Brindleyplace, Birmingham, B1 2HZ

(c) Insert date of appointment

on (c) 29 March, 2016

(d) Insert name of applicant/appointer

by (d) The directors of the Company

hereby give notice that

(e) Insert date

having made a statement under paragraph 52(1) of Schedule B1 and no meeting having been requisitioned under paragraph 52(2), of that Schedule,
the proposals sent by me on (e) 18 May 2016
were deemed to have been approved on (e) 1 June 2016

Signed Joint / Administrator(s)

Dated 2/6/16

Presenter's 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

Matthew James Cowlishaw
Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ

Tel +44 121 632 6000

DX Number

When completed and signed please send it to the Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

Companies House receipt date barcode

FRIDAY
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A12 03/06/2016 #33
COMPANIES HOUSE

Deloitte.

RotaDyne (UK) Limited (In Administration) ("the Company")

Court Case No 1526 of 2016
High Court of Justice, Chancery Division, Companies Court
Company Number 02739202

Registered Office: Deloitte LLP, Four Brindleyplace, Birmingham, B1 2HZ

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS PURSUANT TO PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986 (AS AMENDED) ("the Act").

Christopher James Farrington and Matthew James Cowlishaw ("the Joint Administrators") were appointed Joint Administrators of RotaDyne (UK) Limited on 29 March 2016. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners.

For the purposes of paragraph 100(2) of Schedule B1 of the Act, the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

18 May 2016

Contacts

Joint Administrators of the Company

Christopher Farrington
Matthew Cowlishaw
Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ
Tel 0121 632 6000

Contact details

Email wpackwood@deloitte.co uk
Website www deloitte-insolvencies co uk/k-r/rotadyne-(uk)-limited-(in-administration)
Tel +44 121 696 8661

Christopher Farrington and Matthew Cowlishaw are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales

Deloitte.

RotaDyne (UK) Limited (in Administration)

This Statement of Joint Administrators' Proposals ("the Proposals") has been prepared pursuant to paragraph 49 of Schedule B1 of the Act, which requires that we, as the Joint Administrators, provide creditors with details of our proposals to achieve the purpose of the Administration

As the Joint Administrators do not consider that there will be a distribution to unsecured creditors, save for any distribution made by virtue of the Prescribed Part pursuant to Section 176A of the Act ("the Prescribed Part"), we do not intend to convene a meeting of creditors to consider these Proposals

Should creditors whose total debts amount to at least 10% of the total debts of the Company wish to request that a meeting be held, they should complete Form 2 21B available on the Administration website www deloitte-insolvencies co uk/k-r/rotadyne-(uk)-limited-(in-administration) and return it to the Joint Administrators no later than 1 June 2016

A deposit of £1,000 towards the costs of convening the meeting should be enclosed with the request per rule 2 37(3) of the Insolvency Rules 1986 (as amended) ("the Rules") In the event that no request for a creditors' meeting is received before 1 June 2016, the Proposals will be deemed approved and a notice to that effect will be filed at Companies House

To assist the creditors and enable them to decide on whether or not to vote for the adoption of the Proposals, the following information is included in the report

- background of the Company,
- the circumstances giving rise to the appointment of the Joint Administrators,
- the progress of the Administration to date, and
- the Joint Administrators' Proposals for achieving the objective of the Administration (Appendix E)

Yours faithfully
For and on behalf of the Company

Christopher James Farrington
Joint Administrator

Executive Summary

Executive Summary

The Joint Administrators expect to conclude a transaction to realise all the assets of the Company by the end of May 2016.

As there is no prospect of any return to creditors, other than via the Prescribed Part, we do not intend to convene a meeting of creditors.

The Joint Administrators intend to seek approval to fix basis of their fees as a fixed sum fee.

Topic	Summary
Purpose of the Administration	• The purpose of the Administration will be to achieve a better result for the Company's creditors as a whole than would be obtained through an immediate liquidation of the Company
Joint Administrators' strategy	• The Joint Administrators continued to trade the business whilst running a sale of business process An initial deadline for offers was set for 7 April 2016, and this was later extended to 11 April 2016 As no suitable offers for the ongoing business were received, the Joint Administrators took the decision to make the majority of the employees redundant and are currently seeking to realise the assets of the Company in order to maximise the realisations in the interests of the creditors The Joint Administrators also continue to collect in the book debts of the Company
Initial meeting of creditors	• As there is no prospect of any funds being returned to unsecured creditors (other than by way of the Prescribed Part), the Joint Administrators will not be convening a creditors' meeting, unless required to do so
Estimated Timescale	• The duration of the Administration is dependent on the realisation of assets, as detailed in the following sections However, the Joint Administrators anticipate it will not exceed the statutory period of 12 months
Fees Estimate	• We intend to seek approval to fix the basis of our fees as a fixed sum fee of £270k
Estimated Outcomes	A summary of the directors' statement of affairs is provided at Appendix B A full copy of the statement of affairs is available at the website www deloitte-insolvencies co uk/k-r/rotadyne-(uk)-limited-(in-administration). • Based on current information, the Joint Administrators anticipate the following outcome for each category of creditor • Secured creditors – The secured creditors will not be repaid in full. • Preferential creditors – There will be sufficient floating charge realisations to enable payment in full of preferential claims • Unsecured creditors – Any distribution to the unsecured creditors is likely to be limited to a distribution via the Prescribed Part
Shareholders	• There is no prospect of a return to shareholders of the Company
Proposals	• The Joint Administrators proposals for managing the business and affairs of the Company can be found at Appendix E

Background

Background
The Company

RotaDyne (UK) Limited is a 100% subsidiary of the Rotation Dynamics Corporation Inc.

The Administration appointment was solely over the UK company.

The Company operated out of leasehold premises in Kettering, Northamptonshire.

Circumstances giving rise to the appointment of the Joint Administrators

Background

RotaDyne (UK) Limited, which was incorporated in August 1992, is part of the global RotaDyne group, based in the USA, with factories located in North and South America, Germany and China

The Company was the UK's largest manufacturer of precision rubber-covered rollers, including a range of Press-Ready rollers which it despatched to customers in the printing industry across the world

The Administration appointment was solely over the UK operation, which employed 28 highly skilled staff based in Kettering, Northamptonshire

The Company operated out of leasehold premises at Saxon House, Henson Way, where the manufacture of the rollers was carried out and where the offices are located There are additional leasehold units at Units 2 and 3, Linnell Way, where the engineering workshop was based, as well as the finished goods warehouse. All the leasehold units are situated on the Telford Way Industrial Park in Kettering, Northamptonshire

Employees

On the date of the Joint Administrators' appointment, the Company employed 28 staff

Company officers

The directors of the Company are Mr James Randolph Hickey and Ms Christina Marie Sanchez The Company Secretary is Mr Alan Hodges

Shareholders

The Shareholder of the Company is the Rotation Dynamics Corporation Inc (100%)

Background
Summary financials

The Company had been loss making for some time and financial performance had not been as expected.

Once the lease had expired at the main manufacturing premises, Management considered new lease terms not to be commercially viable

Summary P&L

£'000	Dec-13 Statutory accounts	Dec-15 Management accounts
Total revenue	2,817	2,698
Cost of sales	(1,653)	(2,508)
Gross profit	**1,164**	**189**
Operating expenses	(1,417)	(466)
Other income/expense	8	(26)
Exchange gain/(loss)	-	(3)
EBIT	**(245)**	**(303)**
Interest & Taxation	-	-
Profit to shareholders	**(245)**	**(303)**

Source Company documents, Management information and Perfect Information

Summary Balance Sheet

£'000	Dec-14 Statutory accounts	Dec-15 Management accounts
Non-current assets		
Tangible assets	122	114
	122	**114**
Current assets		
Stocks	717	1,103
Debtors	1,168	1,315
Cash at bank and in hand	0	302
	1,885	**2,720**
Total assets	**2,008**	**2,834**
Current liabilities		
Creditors due within one year	(709)	(1,427)
	(709)	**(1,427)**
Non-current liabilities		
Creditors due after one year	(6,149)	(6,518)
	(6,149)	**(6,518)**
Net assets	**(4,851)**	**(5,111)**
Capital and reserves		
Called up share capital	350	350
Profit and loss account	(5,201)	(5,461)
Total equity	**(4,851)**	**(5,111)**

Source Company documents Management accounts and Perfect Information

Overview of financial information

- Extracts from the statutory accounts for the year ended 31 December 2013, abbreviated statutory accounts for the year ended 31 December 2014 and draft management accounts for the year ended 31 December 2015 are shown opposite (Abbreviated accounts do not contain a P&L, therefore please note that the Summary P&L opposite does not include figures for 2014 and uses 2013 as a comparative)
- Please note that this information has not been verified by the Joint Administrators or by Deloitte

Management observations

- Management attributes the reduction in gross profit in the year ended 31 December 2015 to increased costs resulting from an increase in the number of customer queries, complaints and requests for replacements
- Despite savings in operating expenses, the Company still generated a loss before tax of £303k
- Management confirmed that the UK operation has been loss making, and was considered weak in terms of pricing and volume for the business's product offering
- Management's plans to use the UK as a platform for a worldwide expansion of RotaDyne's "Press Ready Rolls" program were considered not viable due to human capital and working capital constraints
- Following expiry of the Company's lease for its manufacturing premises at Saxon House in January 2016, proposed new lease terms by the landlord were considered not to be commercially viable by Management

Background
Joint Administrators' appointment

The directors consider the issues relating to the lease at Saxon House and the quality issues relating to the rubber and subsequent warranty claims made the UK operation unviable.

The directors approached Deloitte in March 2016 to consider the options available.

Circumstances giving rise to the appointment of the Joint Administrators

Reasons for failure & financial distress

In the weeks leading up to the appointment of the Joint Administrators, the Company had been coming under increasing pressure from its landlord, in respect of the premises at Saxon House The previous lease had expired and the Company was not prepared to enter into a new five year lease, which the landlord had requested In view of the current trading conditions and the quality issues that had arisen with regard to the rubber compound used in the manufacture of the rollers and the related warranty claims, which led to the eventual loss of the Company's major customer

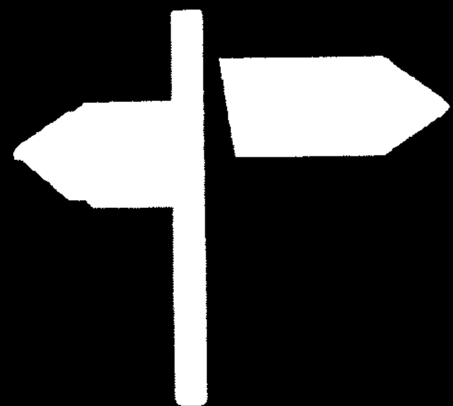
When decision to appoint was made

Once it became clear that the Company would be unable to continue trading and pay its debts once they fell due, the directors held a board meeting on 17 March 2016 to consider placing the Company into Administration

Involvement of Deloitte pre-appointment

As a result of the issues regarding the premises and the loss of the major customer, the board of directors approached Deloitte in March 2016 to consider the options available to the Company, leading to the appointment of the Joint Administrators on 29 March 2016

Post-appointment



Post-appointment
Purpose

The objective of the Administration is to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Company.

Appointment of the Joint Administrators

Christopher James Farrington and Matthew James Cowlishaw, of Deloitte LLP ("Deloitte") were appointed Joint Administrators of the Company by the High Court of Justice, Chancery Division, Companies Court on 29 March 2016, following the filing of a Notice of Appointment of Joint Administrators by a Company director

Purpose of the Administration

The Company has significant levels of borrowing (secured debt) which would need to be restructured in order to rescue the business as a going concern However, having regard to the likely value of the underlying business and assets, as based on available financial information, there has been no interest from third parties in a debt restructuring.

Accordingly, the purpose of the Administration is to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Company

Post-appointment

Joint Administrators' strategy

The Joint Administrators concluded it would be in the best interests of creditors to continue to trade the business whilst seeking to achieve a sale as a going concern.

Despite extending the deadline, no offers for the business as a going concern were forthcoming. However, the Joint Administrators are now hoping to conclude a sale of the assets before the end of May 2016.

How the affairs and business of the Company have been managed and financed since appointment, and the Joint Administrators' intended strategy if their proposals are approved

Sale of business

Immediately following our appointment, we concluded it would be in the best interests of creditors to continue to trade the Company's business whilst seeking a sale of the business as a going concern

Further detail regarding the trading of the business is provided on page 12 along with our trading account at Appendix C

If a sale of the business as a going concern could be achieved, it was expected to maximise the outcome for creditors by enhancing asset prices and book debt recoveries as well as minimising employees' redundancy claims

Potential purchasers were identified and provided with Non Disclosure Agreements and information about the Company An offer deadline of 7 April 2016 was set, which was extended to 11 April 2016 to accommodate some interested parties who did not enter the process until late Unfortunately, despite making contact with over *45 interested parties, no offers were forthcoming* for the business as a going concern

The Joint Administrators were left with no option but to seek a sale of the assets and are currently in advanced negotiations with an interested party for the sale of all the *plant and machinery and all the remaining stock* A sale agreement has been issued to the proposed purchaser and we expect to complete this sale before the end of May 2016

Receipts and payment account

A receipts and payments account, detailing trading sales, asset realisations achieved and costs paid up to 15 May 2016 is provided at Appendix C

Post-appointment

Joint Administrators' strategy

The Joint Administrators anticipate an estimated trading profit of £27k.

The Company entered a Tenancy at Will to continue in temporary accommodation of its leasehold premises.

We have instructed specialist debt collectors to assist the Joint Administrators in collecting the book debts.

Asset realisations

Trading/Stock

Following an initial assessment of the Company's financial position and ongoing business prospects, the Joint Administrators decided to allow the Company to continue trading in the short term whilst seeking to sell the business and assets as a going concern as it was the Joint Administrators' belief that this would achieve a better result for creditors than an immediate winding up of the Company

Once it became apparent there were no offers for the sale of the business as a going concern, all except six of the employees of the Company were made redundant on 15 April 2016 A further five employees were made redundant on 29 April 2016 Currently, one employee has been retained to assist the Joint Administrators with concluding any remaining matters in the Administration including the sale of the remaining assets.

As a sale of the Company's assets has in principle been agreed, with remaining stock (including raw material, work in progress and finished goods stock) held by the Company included in this proposed transaction

Administrators' trading sales of c £141k were made and we are in the process of collecting these debts, albeit not all of these have yet fallen due for payment An additional £30k is due to be received from the purchaser of the assets, as a contribution towards ongoing holding costs, which was a condition required by the Joint Administrators in order to agree to the transaction

Estimated trading costs which have accrued to the date of this report are c £144k, albeit only £93k has so far been paid, the majority of which relates to staff costs The Joint Administrators' staff continue to finalise all matters in relation to the trading period; however, the current expectation of trading is an estimated surplus of c.£27k

A detailed trading account is provided at Appendix C

Leasehold property

The Company operated from three leasehold properties The main manufacturing facility and company offices are located in Saxon House and the engineering workshop and finished goods warehouse are located at Units 2 and 3 Linnell Way All leasehold units are situated on the Telford Way Industrial Park, in Kettering, Northamptonshire. The leases for all units had expired prior to the appointment of the Joint Administrators. Ongoing occupation of these units was agreed with the respective landlords on the basis of an agreed daily rent

The Joint Administrators instructed Jones Day LLP to provide advice in relation to the leasehold units and to draft Tenancy at Will agreements, in order to provide some degree of security of tenure in the Administration period

Books debts

As at the date of appointment, the Company's sales ledger showed 160 pre-appointment book debts totalling £748k This was split between the UK ledger of £430k and the overseas ledger of £318k

The Joint Administrators have instructed Freeths LLP to collect the UK ledger for an agreed commission of 5% of collections In respect of this ledger, collections to date are £307k and Freeths LLP continue to liaise with the remaining 76 debtors regarding repayment of outstanding balances

The overseas ledger, comprises the global account with Heidelberg and Heidelberg dealer networks This has been subject to some significant disputed balances and prompted a number of debtors to submit warranty claims in relation to a rubber compound that was used in the manufacturing process for a period We are in the process of considering these claims with Heidelberg at a senior level and hope to agree a settlement position shortly

Post-appointment

Joint Administrators' strategy

All of the Company's plant and machinery, fixtures and fittings and inventory will be included in the proposed sale currently being negotiated.

Chattel assets

As at the date of appointment the Company owned a *quantity of tangible assets including plant and machinery,* fixtures and fittings and other items across its trading premises, with a combined book value of £109k An independent valuer, Hilco Global, was instructed to provide advise on valuation and realisation strategy for these assets

All of the Company's plant and machinery and fixtures and fittings are included in the proposed sale to the interested party that the Joint Administrators have in principle agreed, although still subject to final negotiation regarding some of the clauses in the sale and purchase agreement

The price expected to be paid for the chattel assets and remaining inventory is commercially sensitive at this time, until the transaction has completed However, our professional agents have recommended acceptance of the offer, and full details will be provided to creditors in our next statutory report

Post-appointment
Joint Administrators' proposals

The Joint Administrators proposals for dealing with the Administration are set out opposite, and in further detail in Appendix E.

The Joint Administrators' proposals

Our proposals for the Administration include

- continuing to manage the affairs and any remaining assets of the Company and the settlement of all Administration expenses,
- making enquiries into the conduct of the directors of the Company and assisting any regulatory authorities with any investigation into the affairs of the Company in line with our statutory duties,
- agreement of the claims of any secured, preferential and unsecured creditors against the Company unless we conclude, in our reasonable opinion, that the Company will have no assets available for distribution,
- distributing funds to any secured and preferential creditors and, where applicable, to unsecured creditors under the Prescribed Part as and when their claims are agreed and funds permit, and to make distributions to unsecured creditors, other than out of the Prescribed Part, and
- that, following the realisation of assets and resolution of all matters in the Administration, and as quickly and efficiently as is reasonably practicable, we will implement the most appropriate exit route to formally conclude the Administration
- that, if the Company is to be placed into Creditors' Voluntary Liquidation ("CVL") or Compulsory Liquidation ("WUC"), we (or any person appointed as a replacement office holder) propose to be appointed Joint Liquidators and for the purposes of section 231 of the Act the Joint Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally
- We will seek specific approval from the appropriate body to fix the basis of and the ability to draw our remuneration and expenses, including pre Administration costs and expenses, and to agree the time of our discharge on conclusion of the Administration

Please refer to Appendix E for further details

Post-appointment
Outcome for creditors

The secured creditors will not be repaid in full.

Preferential creditors should expect to receive 100p in the pound.

***The dividend to* unsecured creditors will be limited to that made via the Prescribed Part.**

Estimated outcome for creditors

Secured creditor

The Directors' statement of affairs shows that, at the date of our appointment, the following amounts were owed to the Secured Creditor.

- Fifth Third Bank - £12 2m

These amounts are secured by way of fixed and floating charges granted by the Company on 31 December 2013 Based on currently available information, we do not expect there will be sufficient asset realisations to repay the Secured Creditor in full

Preferential creditors

Preferential creditors consist of amounts owed to the Company's employees for holiday pay We estimate that there will be 21 preferential claims totalling c £6k, which the Redundancy Payments Office is in the process of settling, as all but one of the employees have now been made redundant. The Redundancy Payments Office will have a subrogated claim for these preferential claims, which we anticipate being able to pay in full during the Administration

Unsecured creditors

The Directors' statement of affairs shows unsecured creditors with estimated non-preferential claims totalling £8m

As detailed above, we do not anticipate that there will be sufficient asset realisations to enable a distribution to be made to unsecured creditors (save for any distribution that may be available under the Prescribed Part)

Prescribed Part

The Prescribed Part is an amount set aside for unsecured creditors from asset realisations that would otherwise be paid to secured creditors *under their floating charge*, (referred to as the net property), as set out under section 176A of the Act It applies only where the charge was created on or after 15 September 2003

The Prescribed Part is calculated as a % of the net property and is subject to a statutory maximum of £600,000

It is too early yet to estimate with any degree of certainty the level of the Prescribed Part that will be available for distribution to unsecured creditors, before deduction of the associated costs, which chiefly comprise our costs for agreeing creditors' claims and making the distribution to them These costs are paid out of the Prescribed Part funds

The Joint Administrators do not expect to make an application to court to disapply the Prescribed Part, on the grounds that the costs of making the distribution are disproportionate to the benefits to creditors

Claims process

Unsecured creditors are invited to submit their claims to the Joint Administrators by completing a proof of debt form which is available on the Administration website and which should be sent to the address on page 1, marked *for the attention of Wendy Packwood*

Post-appointment
Extensions & exit routes

Our current expectation is that the Company will be dissolved upon completion of the Administration and discharge of the Joint Administrators.

Exit routes

In accordance with the provisions of the Act, all administrations automatically come to an end after one year, unless an extension is granted by the court or with consent of the creditors

There are several possible exit routes from Administration Based on current information, we consider the following exit routes may be appropriate

- *Dissolution* – If there is no further property which might permit a distribution to the Company's creditors, we may file notice to that effect with the Registrar of Companies and the Company will be dissolved three months later
- *Creditors' Voluntary Liquidation ("CVL")* If the Administrators consider a distribution to unsecured creditors will be made other than by virtue of the Prescribed Part, we may file a notice to that effect with the Registrar of Companies and the Administration will cease on the date that notice is registered and the Companies will be wound up
  - Please note that if the Company is placed into CVL, the Administrators propose to be appointed as joint liquidators The creditors may nominate a different person to be liquidator(s) provided the nomination is made before the proposals are approved by creditors i e 1 June 2016
  - Any creditors' committee appointed in the administration will become a liquidation committee and the basis of the joint liquidators' remuneration fixed during the Administration will apply in the CVL
  - For the purposes of section 231 of the Act the liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally

Discharge of Joint Administrators' liability

Pursuant to paragraph 98 of Schedule B1 of the Act, the Joint Administrators' discharge of liability in respect of their actions as administrators takes effect at the specific time appointed by either the court, the creditors (either via the creditors' committee or by meeting) or, in specific circumstances, by the secured and preferential creditors

In this case, we will request approval from the secured and preferential creditors for us to be discharged from liability as at the date the Registrar of Companies registers the Joint Administrators' final progress report

Remuneration and Expenses

Remuneration and Expenses

Creditors Guide to Administrators' Remuneration

"A Creditors' Guide to Administrators' Remuneration" is appended to SIP 9 and is provided on the Administration website and also available for download at www.deloitte.com/uk/sip-9-england-and-wales /

Should you require a paper copy, please send your request in writing to the Joint Administrators at the. address on page 1 and this will be provided to you at no cost.

Basis of Administrators' remuneration

Pursuant to Rule 2.106 of the Rules, the basis of the Joint Administrators' remuneration may be fixed

- by reference to time properly given by the insolvency practitioners and their staff in attending to matters as set out in their Fees Estimate,
- as a percentage of the value of the property with which the Joint Administrators have to deal,
- as a set amount,
- or, any combination of the above

In this case there will be no funds available to the unsecured creditors, other than under the Prescribed Part provisions Therefore, in accordance with Rule 2 106(5A) of the Rules and in the absence of a creditors' committee, we will seek to fix the basis as a set amount by approval of

i) the secured creditor, or

ii) Where we intend to make a distribution to preferential creditors, with the approval of the secured creditor and 50% of preferential creditors who respond to an invitation to consider approval

If a creditors' committee is not formed, the secured and preferential creditors will be invited to fix the basis of our remuneration as a set amount

Estimate of work required – Fixed Fee

There are a number of tasks which primarily relate to fulfilment of statutory and compliance obligations and other tasks of an administrative nature These tasks are a necessary part of the engagement but do not generate any direct benefit for creditors As such we consider it appropriate to limit our fee to a fixed sum in relation to performance of these tasks.

In addition to these tasks, we will also manage and monitor the collection of debts which will benefit creditors through increased realisations

Based on previous appointments of this nature and having regard to the likely number and grades of staff required to fulfil these obligations, we intend to seek approval to draw a fixed fee of £270,000 Full details of the work anticipated to be performed are provided at Appendix D

Joint Administrators' Expenses

We anticipate that the following expenses will be incurred for the duration of the appointment.

- Specific Penalty Bond – mandatory insurance cover to protect the estate in the event of loss Estimated cost £230 plus VAT
- Statutory Advertising - we are required to give notice by advert in the London Gazette of our appointment and any proposed distribution to unsecured creditors the following matters Estimated cost £170 plus VAT

Legal Costs

We have instructed Jones Day LLP to provide advice in relation the validity of the Joint Administrators' appointment, the Secured Creditors' security, general ongoing advice regarding customer issues, advising on leasehold property matters and preparing an asset sale agreement We estimate their fee for so doing will be £50k plus VAT,

Agent's Costs

We have instructed Hilco Global to provide a valuation and realisation strategy for the Company's property We estimate their fee for doing so will be £5k plus VAT

Book Debt Collection Costs

We have instructed Freeths LLP to assist with the collection of the UK book debts Their fees are calculated on an agreed commission rate of 5% of the value of the debts collected Therefore we are unable to provide an accurate estimated cost at this early stage of the collection process

All professional costs will be reviewed and analysed in detail before payment is approved

Remuneration and Expenses

Pre-administration costs

Deloitte incurred £67k of time costs prior to the Joint Administrators appointment in order to plan and prepare for the Company being placed into Administration.

All of these costs remain unpaid, and we will be seeking agreement from the Secured and Preferential creditors to draw payment of £50k towards these costs, with the balance being written off.

Pre-administration costs

Pre-administration costs are defined as the remuneration charged and expenses incurred by the Joint Administrators (or other person qualified to act as such) before the Company entered into Administration but with a view to it doing so

Approval of pre-administration costs

Determination of whether and to what extent the unpaid pre-administration costs are approved for payment shall be by the secured and preferential creditors.

Statement of pre-administration costs

Prior to the Administration appointment being made, the proposed Joint Administrators undertook preparatory work to be able to take control of the Company's business immediately upon appointment and to assess the ability of the Company to continue to trade during Administration, this work was not covered by an engagement letter with the Company

The purpose of this pre-Administration work was to maximise the opportunity to achieve a going concern sale to increase the overall return to the creditors and preserve as many employees' jobs as possible

This pre-Administration work was undertaken by a team of the Joint Administrators' staff between 11 March 2016 and 28 March 2016 Total time costs incurred during this period were £67k, which consists of 155 9 hours at an average hourly rate of £429 per hour We propose to draw £50k of the pre-appointment time costs incurred with the balance being written off

Currently all of these time costs remain unpaid

The pre-administration costs incurred by the Joint Administrators and their staff relate to

- Preparation of appointment documentation,
- Preparation of an indicative trading forecast including plans as to how the Administrators could trade the business in Administration,
- Developing a going concern trading strategy as well as a closure strategy,
- Assessing employees' roles and potential claims, and
- Analysing stock for potential ROT claims

Statement of pre-administration costs

Expenses

In addition, the following pre-administration expenses were also incurred

- Travel - £815
- Accommodation - £384
- Subsistence - £156

Legal costs

During planning for the Administration, we were assisted by Jones Day LLP on matters including

- appointment documentation
- Ongoing directors' obligations in respect of creditor positions,
- advising on timings, serving notices.

In respect of this work, Jones Day LLP incurred £31k of time costs The *Rotation Dynamics Corporation Inc* has agreed to pay these costs directly

Remuneration and Expenses
Pre-administration costs

This pre-Administration work was undertaken by a team of the Joint Administrators' staff between 11 March 2016 and 28 March 2016.

Total time costs incurred during this period were £67k, which consists of 155.9 hours at an average hourly rate of £429 per hour. We will be seeking authority to draw £50k against these costs, with the balance written off.

Pre-administration costs

Analysis of pre-Administration costs

Classification of work	Partners & Directors	Assistant Directors	Managers	Assistant Managers	Assistants & Support	Total hours	Value £	Avg rate £/h
Preparation for appointment	13 7	40 2	39 0	25 5	3 0	121 4	56,937	469
Protection & Realisation of assets	-	-	7 0	-	-	7 0	4,000	571
Key creditors	-	-	-	-	27.5	27 5	5,913	215
Total hours	13.7	40.2	46 0	25 5	30 5	155 9	66,849	429

Fees paid at appointment	-
Unpaid fees	66,849

Additional information

Additional information
Investigations

At this stage of the Administration, we are not aware of any transactions with connected parties other than inter-company transactions in the normal course of business.

Transactions with connected parties

SIP 13 requires disclosure of transactions or other dealings with the directors and/or connected parties other than in the ordinary course of business either in the two years prior to or during the Administration. This would include asset sales to connected parties The objective is to provide transparency and evidence that where such transactions have taken place that they were carried out at arm's length and in the best interests of the Company SIP 13 is not concerned with inter-company transactions performed in the ordinary course of business and which do not require disclosure

At this stage, other than the inter-company transactions, we are not aware of any transactions with connected parties with RotaDyne (UK) Limited during the period of this report or in the two years prior to our appointment

Investigations

As part of our duties, we are obliged shortly after our appointment to review all of the information available to us and conduct an initial assessment of whether there are any matters that might lead to a recovery for the benefit of creditors This initial assessment includes enquiries into any potential claims that may be brought against parties either connected to or who have had past dealings with the Company

In addition, we are required to consider the conduct of the Directors and any person we consider to have acted as a shadow or de facto director in relation to their management of the affairs of the Company and the causes of failure and we will submit a confidential report to the Insolvency Service, a division of the Department for Business, Innovation and Skills Creditors who wish to draw any matters to our attention should contact us using the contact details given on page 1 as soon as possible

Additional information
Case specific matters

EU Regulations

As stated in the Administration appointment documents, Council Regulation (EC) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that Regulation

Third party assets

Should you believe that you own or have a claim regarding items that may have been present at the Company's premises at the *date of our appointment* please contact us as soon as possible

Appendices

Statutory information

Statutory Information

Statutory information

Company number	RotaDyne (UK) Limited
Registered office	2739202
Previous names	Mawlaw 181 Limited (until 03 February 1993)
Court	High Court of Justice, Chancery Division, Companies Court
Court reference	1526 of 2016
Company directors	James Randolf Hickey and Christina Marie Sanchez
Company Secretary	Allen Hodges
Directors' shareholdings	Nil

Website

In an effort to reduce the costs of the Administration, all communications with creditors, including updates and progress reports, will be posted onto a website, which has been set up specifically for this purpose The web address is www deloitte-insolvencies co uk/k-r/rotadyne-(uk)-limited-(in-administration)

A letter will be issued to all creditors each time the website is updated with a statutory notice or report. All statutory notices will be retained on the website until its closure three months from the Administration ending

Please therefore ensure that you review the website regularly for updates and further notices and reports

If any person wishes to receive a hard copy of any document uploaded by the Joint Administrators to the above website, they should contact the Joint Administrators via the contact details on page 1 of this report, and hard copies will be provided free of charge

Directors' statement of affairs

Directors' summary Statement of Affairs

£	Book value	Estimated to realise
Assets subject to fixed charge		
	-	-
Estimated surplus/(deficiency) to fixed charge holders	-	-
Assets subject to floating charge		
Cash	101,942	101,942
Accounts Receivable	1,196,880	837,816
Inventory	1,110,573	138,822
Net Fixed Assets	108,838	54,419
Prepaids	27,201	-
Estimated total assets available for preferential creditors	2,545,434	1,132,999
Preferential creditors		(6,000)
Estimated deficiency / surplus to preferential creditors		1,126,999
Estimated prescribed part of net property		(226,600)
Estimated total assets available for floating charge holders		900,399
Debt secured by floating charges		(12,247,095)
Estimated deficiency / surplus after floating charges		(11,346,696)
Estimated prescribed part of net property (brought down)		226,600
Total assets available to unsecured creditors		(11,120,096)
Unsecured non-preferential claims		(8,006,090)
Estimated deficiency / surplus to creditors		(19,126,186)
Called up share capital		-
Estimate deficiency / surplus to members		**(19,126,186)**

Joint Administrators' comments

The Directors' statement of affairs is available online at www deloitte-insolvencies co uk/k-r/rotadyne-(uk)-limited-(in-administration), including a full list of creditors' names and addresses

In accordance with the standard format of the statement of affairs, no provision has been made for the costs of the Administration (including the Joint Administrators' remuneration, agents', legal and other professionals' fees)

Trading account

Joint Administrators' trading account

£	To date	Estimated future movements	Estimated outcome
Receipts			
Trading sales	68,000	73 107	141,107
Contribution to costs		30,000	30,000
Total receipts	**68,000**	**103,107**	**171,107**
Payments			-
Employee costs	82,647	3,978	86,625
Rent	3,082	14 296	17,378
Utilities	-	9,811	9,811
Rates	-	7 599	7,599
Miscellaneous costs incl security	7,497	14,726	22,222
Total payments	**93,226**	**50,409**	**143,635**
Trading surplus/(deficit)	**(25,226)**		**27,472**

Notes to the trading account

Immediately following our appointment, we concluded it would be in the best interests of creditors to continue to trade the Company's business in the short term, whilst seeking a sale of the business as a going concern

Total trading sales of c £141k were invoiced and we are in the process of collecting these debts, albeit not all of these have yet fallen due for payment An additional £30k is due to be received from the purchaser of the assets, as a contribution towards ongoing holding costs, which was a condition required by the Joint Administrators in order to agree to the transaction

Estimated trading costs which have accrued to the date of this report are c £144k, albeit only £93k has so far been paid, the majority of which relates to staff costs The Joint Administrators' staff continue to finalise all matters in relation to the trading period, however, the current expectation of trading is an estimated surplus of c £27k

The Joint Administrators are continuing to collect in the receipts in relation to the Administration trading sales and the book debts, with the assistance of Freeths LLP

We are in the process of finalising all trading costs and seeking to minimise all costs where possible

The final trading outcome will be included in our next report to creditors

The trading account opposite reflects the estimated trading outcome and excludes any other costs associated with the Administration, such as the professional costs of the administrators, lawyers and agents

Receipts & payments account

Joint Administrators' receipts and payments account
29 March 2016 to 15 May 2016

£	SoA values	Notes	Period	To date
Receipts				
Trading surplus/(deficit)	-		(25,226)	(25 226)
Book Debts	*837,816*		306,676	306,676
Cash at bank	*101,942*		119,940	119,940
Bank Interest Gross	-		34	34
Inventory	*138,822*		-	-
Net Fixed Assets	*54,419*		-	-
Total receipts	*1,132,999*		**401,424**	**401,424**
Payments				
Statutory advertising			85	85
Bank charges			6	6
Total payments			**90**	**90**
Balance				**401,334**
Made up of:				
Balance held in Barclays interest bearing bank account				1,513
Balance held in RBS interest bearing bank account				406,475
VAT Payable				(9,707)
Petty cash float				1,628
PAYE payable				(319)
Nat. Ins payable				(509)
VAT Receivable				2,253
Balance in hand				**401,334**

Notes to the receipts and payments account

Receipts

- Book debts – The majority of the pre-appointment book debts received to date have been paid by customers into the Company's pre-appointment Barclays accounts and we are in the process of transferring these across to the Administration account
- At the date of this report, £307k of book debts have been collected
- On appointment of the Joint Administrators, there was an existing balance in the pre-appointment Barclays account of £120k, which has been transferred to the administration account

Expenses - Professional costs

- **Legal costs** – To advise on relevant legal matters and to prepare required legal documentation we instructed Jones Day LLP, a firm of lawyers with the appropriate expertise and experience in dealing with these types of administrations

  They have estimated that their fees will not exceed £50k (exclusive of VAT and disbursements). These have not yet been invoiced or paid
- **Agents costs** – We have also instructed Hilco Global to provide a valuation and realisation strategy for the Company's property. We estimate their fee for doing so will be £5k (exclusive of VAT and disbursements) These have not yet been paid
- **Book debt collection costs** – We have instructed Freeths LLP to assist with the collection of the UK book debts Their fees are calculated on an agreed commission rate of 5% of the value of the debts collected.

All professional costs will be reviewed and analysed in detail before payment is approved.

Estimate of work

The Administrators' estimate of work to be undertaken

As indicated on page 18, in the absence of a creditors' meeting being requested, we intend to invite secured and preferential creditors to fix the basis of our fees as a set amount Details of work that we anticipate will be undertaken is provided below

Statutory tasks and administration

- General Activities include case set-up, compliance, *appointment notifications*, correspondence, and closure of the case
- Formulating and implementing an *appropriate* strategy for the administration
- Estimated outcome statements ("EOS") prepared for the Company to enable dividend prospects to be considered and calculated in due course.
- Cashiering operating fixed and floating bank accounts for the administration with monthly bank reconciliations and maintaining receipts and payments accounts accounting for debtor receipts and making expense payments
- Statutory reporting Drafting proposals and issuing *progress reports and a closing report*
- Statements of affairs Liaison with directors
- Tax submitting VAT and Tax reruns for the administration and finalising the Company's pre administration tax affairs

Assets

- Completing the sale of the Company's plant and machinery, *fixtures and fittings and stock*
- Landlords: liaising with landlords in relation to payments covering the period of our occupation and coordinating the exit of the sites

Assets *continued*

- Debtor collection. managing and monitoring the debt collection process with our appointed agent. *This* may involve some work to resolve disputes with debtors and may require *liaison with legal parties*

Investigations

- Review of information on connected party transactions
- Issuing and coordination of Directors' questionnaires *and responding to any matters* raised by creditors.
- Reporting on directors' conduct.

Creditors

- Unsecured creditors Dealing with queries from creditors of the Company
- Prescribed Part agreeing and paying claims
- ROT Dealing with a limited number of ROT claims
- Landlords Dealing with landlords
- Employees: *Dealing with employees and dealing with* any employee related claims
- Secured creditor Reporting to the Secured creditor, preparing formal reports and ad hoc communications and distributions

Disbursements

Disbursements

We estimate that the following disbursements are likely to be incurred in relation to the Administration (this also includes disbursements actually incurred to date)

Category 1 disbursements

These are payments made by us direct to third parties and for which no approval is required

Our estimate of Category 1 disbursements incurred to date and future anticipated disbursements are given below, all figures are shown excluding VAT

Category 1 disbursements

£ (net)	Value	Paid	Unpaid
Travel	2,185	-	2,185
Accommodation	5,166	-	5,166
Parking	45		45
Subsistence	1,482		1,482
Stationery	159	-	159
Postage/Couriers	178	-	178
Total expenses	**9,216**	-	**9,216**

Category 2 disbursements

These are costs and expenses initially paid by us and which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs These may also include shared or allocated costs Specific approval is required before these costs and expenses can to be drawn from the Administration estate

Our estimate of Category 2 disbursements incurred to date and future anticipated are given opposite, all figures are shown exclusive of VAT

Category 2 disbursements

£ (net)	Value	Paid	Unpaid
Website set up	500	-	500
Mileage	1,232	-	1 232
Total disbursements	**1,732**	-	**1,732**

Mileage is calculated by reference to the mileage properly incurred by the Joint Administrators and their staff, at the prevailing standard mileage rate used by Deloitte at the time when the mileage is incurred (currently up to 45p per mile)

Deloitte charges a fixed cost of £500 for each statutory website set up to cover the costs of setting up and maintaining the website, along with the uploading of statutory notifications, reports and other documents to the website for the duration of the appointment

Joint Administrators' proposals

Joint Administrators' proposals

In the absence of a creditors' meeting being requested, our proposals will be deemed approved on 1 June 2016

We will still need to obtain specific approval for the resolutions given below from the secured and preferential creditors

1 Approval that the basis of the Joint Administrators' remuneration shall be fixed as a set amount of £270k plus VAT

2 Approval that the Joint Administrators' category 1 disbursements and expenses and category 2 disbursements in respect of mileage and statutory websites as detailed on page 30 be approved and the Joint Administrators be authorised to draw both category 1 and category 2 expenses, (plus VAT where applicable) from the Administration estate

3 Approval that the Joint Administrators' pre Administration fees and expenses as detailed on pages 19 and 20 of the Joint Administrators' proposals be approved and that the Joint Administrators be authorised to draw a fee of £50k plus expenses and VAT as a contribution towards these costs, from the Administration estate

4 Approval that the Joint Administrators be discharged from liability per paragraph 98 of Schedule B1 of the Act immediately upon the registration of the Joint Administrators' final progress report by the Registrar of Companies

A creditors' committee will not be formed unless we are requested to convene a meeting of creditors for purposes of forming a creditor's committee, please refer to page 1 of the proposals for details of the procedure in this regard

Please note that if you wish to form a creditors' committee, you will also be expected to confirm your willingness to serve or be represented on the creditors' committee, including dealing with any business placed before the creditors' committee throughout the period of the Administration and in any follow on liquidation should a creditors' committee be formed

Appendices
Important notice

Important Notice

This document has been prepared by the Joint Administrators solely to comply with their statutory duty under paragraph 49 of Schedule B1 of the Act to lay before creditors a statement of their proposals for achieving the purpose of the Administration, and for no other purpose It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context

This document has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company

Any estimated outcomes for creditors included in this document are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors

Any person that chooses to rely on this document for any purpose or in any context other than under paragraph 49 of Schedule B1 of the Act does so at their own risk To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals

The Joint Administrators act as agents of the Company and contract without personal liability The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Deloitte LLP does not assume any responsibility and will not accept any liability to any person in respect of this document or the conduct of the Administration

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

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