

The Insolvency Act 1986

**Statement of administrator's proposals**

Name of Company Hythe Realisations Limited (Formerly Elec-Track Installations Limited)	Company number 02792810
In the High Court of Justice, Chancery Division, Companies Court [full name of court]	Court case number 360 of 2008

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

We (a) Martin Gilbert Ellis and David Robert Thurgood of Grant Thornton, 30 Finsbury Square, London, EC2P 2YU

attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 10 March 2008

Signed

Joint Administrator

Dated

1

**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.

30 Finsbury Square,	
London	
EC2P 2YU	Tel 020 7865 2321
DX Number	DX Exchange

WEDNESDAY



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19/03/2008

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COMPANIES HOUSE

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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

Our Ref AIC/JSK/DRT/E00043/PF/7

TO THE CREDITORS

10 March 2008

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2P 2YU

T +44 (0)20 7383 5100  
F +44 (0)20 7184 4301  
www.grant-thornton.co.uk

Dear Sirs

**HYTHE REALISATIONS LIMITED (FORMERLY ELEC-TRACK INSTALLATIONS LIMITED) - IN ADMINISTRATION (THE COMPANY)**

#### INTRODUCTION

- 1.1 Following the appointment of David Thurgood and I as Joint Administrators of the Company by its directors, on 16 January 2008, I am submitting my proposals pursuant to paragraph 49(1) of Schedule B1 to the Insolvency Act 1986 for achieving the objectives of the administration
- 1.2 This report contains the information required by Rule 2.33 of the Insolvency Rules 1986
- 1.3 In accordance with paragraph 100 (2) of Schedule B1 to the Insolvency Act 1986 the functions of the administrators are to be exercised by any or all of them

#### 2 STATUTORY INFORMATION

- 2.1 The Company's statutory details are as follows

registered number	02792810
date of incorporation	23 February 1993
registered office	Unit 1 Pennypot Industrial Estate Hythe Kent T21 6PE
authorised share capital	800,000 shares of 10p each

issued share capital

800,000 shares of 10p each

<b>Directors:</b>	<b>shareholding</b>
John Howard Fry	0
Kenneth Macleod	0
Brian Smith	0
Scott Turnbull	0
<b>Secretary</b>	<b>shareholding</b>
Richard Denby Raine	0

- 2.2 The administration constitutes "main proceedings" under the EC Regulation on Insolvency Proceedings

### 3 BACKGROUND TO ADMINISTRATORS' APPOINTMENT

- 3.1 In October 2006 Grant Thornton UK LLP (Grant Thornton) conducted a review of the Company on behalf of Lloyds TSB Bank Plc (the Bank), the Company's secured creditor, in advance of a financial restructuring, which was implemented shortly after
- 3.2 The Bank subsequently engaged Grant Thornton in October 2007 to review the Company's short-term cash flow
- 3.3 Creditors will recall from my initial report to creditors that the Company's business was split into two divisions, Overhead Line Electrification (OLE) and Isolations and Possessions (I&P). These two divisions each accounted for approximately half of the Company's business
- 3.4 During the second half of 2007 the Company commenced negotiations with a potential purchaser of the Company's share capital, and in late October 2007 entered into a period of exclusivity with the party in question
- 3.5 However, this exercise did not result in the sale of the Company's shares. Accordingly, in early December 2007, the directors urgently engaged with other potential interested parties for the sale of the Company's shares and / or business and assets. Primarily due to the Christmas break, the process carried on into early January 2008 when the interested parties advised that they did not wish to proceed with a purchase of either the Company's share capital or business and assets
- 3.6 In early January 2008 the Company's directors undertook a final attempt to sell the Company's business in parts. This proved successful and a sale of the I&P division's business and assets was completed on 11 January 2008 to Morgan Est Plc (Morgan Est)
- 3.7 In the following days the directors sought to dispose of the Company's remaining

divisions. However, no purchaser was found and the directors placed the Company into administration.

- 3.8 David Thurgood and I were approached by the directors on 15 January 2008 to act as administrators of the Company following the filing of a Notice of Intention to Appoint Administrators on 15 January 2008 with our appointment taking effect on 16 January 2008.

#### 4 ASSETS AND LIABILITIES

- 4.1 The directors have prepared a statement of affairs of the Company, which is attached at Appendix A together with my comments thereon.
- 4.2 There will be no prescribed part of floating charge assets to be set aside for the benefit of unsecured creditors under Section 176A of the Insolvency Act 1986, as the Bank's floating charge pre-dates 15 September 2003.

#### 5 CONDUCT OF THE ADMINISTRATION

##### Trading and financing of the administration

- 5.1 The administrators were not in a position to trade the remaining business following the sale of the I&P division to Morgan Est and accordingly, the remaining operational staff were made redundant on 16 January 2008 and operations ceased.
- 5.2 Certain administrative and commercial personnel have been retained in the short-term to assist with the administration.
- 5.3 My receipts and payments account covering the period 16 January 2008 to date is attached (Appendix B).

#### 6 TRUST ACCOUNTS

- 6.1 On 30 November 2007, during the above-mentioned sale process, the directors were concerned to ensure that continued trading did not prejudice the position of unsecured creditors, and they took independent legal advice. As a result the directors established a trust for the benefit of suppliers providing goods and / or services on or after 30 November 2007 until 5pm on 11 January 2008. This trust is evidenced by a declaration of trust executed on 12 December 2007.
- 6.2 This trust account is not an asset of the Company and it is not under my direct control in the administration. However, I have sought independent legal advice on the most appropriate manner in which to deal with the trust monies and I will be corresponding with affected creditors in due course.
- 6.3 Following the sale of the I&P division to Morgan Est a second trust was set up with effect from 5pm on 11 January 2008, to cover the period from this date until 5pm on Tuesday 15 January 2008. This trust is not evidenced in writing although

the directors' intentions in relation to the establishment of this second trust were to mirror the provisions of the first trust

- 6.4 The amounts held in the designated trust accounts are as follows

	£
<b>First Trust</b>	1,166,665
<b>Second Trust</b>	85,000

- 6.5 The legal advice I have received in relation to these trust accounts confirms that the funds held are not available for the benefit of the Company's creditors

## 7 PROPOSALS FOR ACHIEVING THE OBJECTIVE OF THE ADMINISTRATION

- 7.1 The administrators will pursue the objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up
- 7.2 This objective will be achieved by the collection of the book debts of the Company. Further, I will also investigate the possibility of the sale of the remaining stocks and materials owned by the Company and used in the OLE division. Such stocks and materials may be subject to third party claims and where this is an issue we are working to resolve these claims and deal with the assets.
- 7.3 In addition, pursuant to a contract entered into by the Company in the first half of 2006, the Company has a claim against a subcontractor which is believed to be substantial. Accordingly, I will also pursue this claim for the benefit of the Company in administration.
- 7.4 In relation to the Company's book debts arising from the former operations of the I&P division, the Company's directors appointed Morgan Est to collect these debts on their behalf.
- 7.5 I have instructed Naismiths (quantity surveyors) to collect the remaining (non I&P) debts on my behalf. I will closely monitor collection and liaise with Naismiths and Morgan Est regarding the collection process.
- 7.6 It is proposed that the administration will end by the dissolution of the Company, as I do not anticipate any funds being available for unsecured creditors.

## 8 ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

- 8.1 Rule 2.106(5A) of the Insolvency Act 1986 states that where the administrator has made a statement that there will not be sufficient funds to enable a distribution other than to one or more secured and preferential creditors (under paragraph 52 (1) (b)), and if the administrator has made or intends to make a distribution to preferential creditors, the administrators' remuneration may be fixed by the approval of each secured creditor of the Company and preferential creditors whose debts amount to more than 50% of the preferential debts of the Company (disregarding debts of any preferential creditor who does not respond to an invitation to give or withhold approval)
- 8.2 Background information regarding the fees of administrators can be found at <http://www.insolvency-practitioners.org.uk> (navigate via 'Technical' to 'Creditors Guides to Fees'). Alternatively I will supply this information by post on request
- 8.3 The administrators will request that their remuneration be calculated according to the time properly given by the administrators and their staff in attending to matters arising in the administration
- 8.4 The administrator will charge out of pocket expenses at cost. Mileage is charged at standard rates which comply with HM Revenue and Customs limits or AA recommended rates. VAT is added to disbursement charges as necessary
- 8.5 Payments of the administrator's remuneration and disbursements are to be met from funds held in the administration in priority to the claims of creditors, and, after approval of the basis, the administrators may draw sums on account
- 8.6 The Joint Administrators shall be discharged from liability in respect of any action of theirs as Joint Administrators when they cease to be Joint Administrators of the Company pursuant to paragraph 98(1) of Schedule B1 of the Insolvency Act 1986
- 8.7 Time costs to date amount to £134,113.00 at an average hourly rate of £194.87. I enclose at Appendix C, in accordance with Statement of Insolvency Practice 9 (Remuneration of Insolvency Office Holders), a breakdown of mine and my staff's time by grade and by task

### **Joint Administrators' request to preferential creditors for approval of remuneration**

- 8.8 The Joint Administrators hereby invite the Company's preferential creditors, its employees and the Redundancy Payments Office, to provide their written consent to the Joint Administrators remuneration based on their time costs incurred as set out above and attached as Appendix C. The Joint Administrators should be grateful for a reply to 30 Finsbury Square, London, EC2P 2YU by 25 March 2008

9 MEETING OF CREDITORS

- 9 1 A meeting of creditors has not been convened because, in accordance with paragraph 52 (1) of Schedule B1 to the Insolvency Act 1986, as I am of the opinion that there will be insufficient funds to allow a distribution to unsecured creditors
- 9 2 The proposals contained in this statement will be deemed to have been approved by the creditors unless, within 12 days of this statement being sent out (the date this statement was sent out being 7 March 2008), a meeting is requisitioned in the prescribed manner by creditors whose debts amount to at least 10% by value of the total debts of the Company
- 9 3 Please contact Andy Charters on 020 7865 2321 if you wish to discuss this further

Yours faithfully  
for and on behalf of  
Hythe Realisations Limited



Martin Ellis  
Joint Administrator

The affairs, business and property of Hythe Realisations Limited are being managed by Martin G Ellis and David R Thurgood , appointed as Joint Administrators on 16 January 2008

**Statement of affairs**

Name of Company Hythe Realisations Limited (formerly Elec-Track Installations Limited)

Company number  
02792810

in the High Court of Justice Chancery Division Companies Court

Court case number  
360 of 2008

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

Statement is to the affairs of (a) Hythe Realisations Limited (formerly Elec-Track Installations Limited) of Unit 1 Pennypot Industrial Estate Hythe Kent CT21 6PL

(b) Insert date

on the (b) 16 January 2008 the date that the company entered administration

**Statement of Truth**I believe that the facts stated in this statement of affairs are a full true and complete statement of the affairs of the above named company as at (b) 16/01/08 the date that the company entered administrationFull name IAN WALLACE REES BAILEYSigned IWRBDated 11/2/08

Sworn

at BRETTERTON'S LLP 16 Church Street  
Rugby, Warwickshirein front of R. Hopkin (Richard Hopkin)  
Solicitor



## Notice requiring submission of a statement of affairs

Name of Company Hythe Realisations Limited  
(formerly Elec-Track Installations Limited)

Company number  
02792810

In the High Court of Justice Chancery Division  
Companies Court

Court case number  
360 of 2008

(fill name of court)

(a) Insert full name of each person required to submit statement

The Administrators require a statement of affairs to be prepared and submitted by: (a) Brian Smith, Ian Bailey, John Howard Fry, Kenneth Macleod, Paul Robert Kirk, Scott Turnbull

(b) Insert full name of company

is to the affairs of (b) Hythe Realisations Limited (formerly Elec-Track Installations Limited) (the company)

(c) Insert full name and address of each person sent this notice

A notice requiring submission of a statement of affairs has been sent to each of the following persons: (c) Brian Smith of 211 Fieldside, Edenthorpe, Donecaster DN7 2FS, Ian Bailey of The Coigns, Old Bristol Road, Nailsworth, GL6 0LH, John Howard Fry of Bryn Aton, Aft Goch Lane, Northop, CH7 6DL, Kenneth Macleod, 19 Sandy View, Biggleswade, Bedfordshire, SG18 0HS, Paul Robert Kirk, 4 Beauchamp Gardens, Myton Lane, Warwick, CV34 6QG, and Scott Turnbull of 11 All Saints Way, Sandy, Bedfordshire

(d) Insert name of administrators

The statement of affairs must be submitted within 11 days of receipt of this notice to (d) Martin Ellis and David Thurgood (the administrators)

(e) Insert full address

at (e) Grant Thornton UK LLP, Grant Thornton House, 22 Merton Street, London, NW1 2EP

Signed

Joint Administrator

Dated

21 January 2008

### WARNING

It is an offence under paragraph 18(4) of Schedule B1 to the Insolvency Act 1986 if you fail without reasonable excuse to comply with this requirement

(f) Delete words in brackets not applicable

Section 235 of the Insolvency Act 1986 places a duty on you (f) as an officer of the company to provide the administrator with information and to aid upon him if required. I have to warn you that failure to submit the statement of affairs as required by this notice, or to co-operate with the administrator under section 235 of the Insolvency Act 1986, may make you liable to a fine and/or convicted contravention to a daily default fine.

Under paragraph 10 of Schedule 1 to the Company Directors Disqualification Act 1986 failure to submit a statement of affairs or to co-operate with the administrator under section 235 of the Insolvency Act 1986 are matters which may be taken into account by the court in determining whether a person is unfit to be an officer of or to be involved in the management of a company. Unfit conduct may result in a disqualification under the Company Directors Disqualification Act 1986.

Note: Forms for the preparation of the statement of affairs are enclosed. Under Rule 2.22 expenses incurred in making the statement of affairs which the administrator considers to be reasonable can be claimed out of the company's assets.

## A - Summary of Assets

Assets

~~Assets subject to fixed charge~~

Book Value £	Estimated to Realise £
<u>£,000</u>	
Assets subject to floating charge	
NESTLES	3,065
RETORTIONS	264
WIP	1,057
STOCK	450
HOLIDAY BANK	8
INSURANCE REBATE	75
<del>Uncharged assets</del>	
INSURANCE CLAIM	225
Estimated total assets available for preferential creditors	5,144

UNCERTAIN

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Signature

*[Signature]*

Date

11/2/08

*[Signature]*

Southern

## A1 – Summary of Liabilities

	Estimated to realise £
Estimated total assets available for preferential creditors (carried from page A)	£ UNCERTAIN
<b>Liabilities</b>	
Preferential creditors -	£ 61k
Estimated deficiency/surplus as regards preferential creditors	£
Estimated prescribed part of net property where applicable (to carry forward)	£ 0
Estimated total assets available for floating charge holders	£
Debts secured by floating charges	£ 9748k
Estimated deficiency/surplus of assets after floating charges	£
Estimated prescribed part of net property where applicable (brought down)	£ 0
Total assets available to unsecured creditors	£
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£ 5,749k
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£
Shortfall to floating charge holders (brought down)	£ UNCERTAIN
Estimated deficiency/surplus as regards creditors	£
Issued and called up capital	£ 80k
Estimated total deficiency/surplus as regards members	£ UNCERTAIN

Signature

*[Signature]*

Date

11/2/08

*[Signature]* (Solicitor)



**HYTHE REALISATIONS LIMITED (FORMERLY ELEC-TRACK  
INSTALLATIONS LIMITED) - IN ADMINISTRATION**

**STATEMENT OF AFFAIRS - ADMINISTRATORS' COMMENTS**

<b>Item</b>	<b>Value (£'000)</b>	<b>Administrators' comments</b>
Debtors	3,065	The company's book debts are in the process of being collected. Realisations are uncertain due to the potential for counterclaims against the company for breach of contract.
Retentions	264	As above
Work in Progress	1,057	The company's I&P work in progress was sold to Morgan Est. Recoveries from the company's OLE work in progress will be impacted by the cessation of work on 16 January 2008.
Stock	450	Certain stock and materials have been held by the administrators. Such stock may be subject to proprietary claims from third parties but will otherwise be disposed of to those employers for whom the stock was acquired.
Insurance rebate	75	A refund of premium due from the company's underwriters due to over-assessed premiums in insurance years ending April 2006 and 2007.
Insurance claim	225	Subject to pursuit of potential litigation against a subcontractor - recovery uncertain.
Preferential creditors	(61)	Arrears of wages, pension contributions and holiday pay.
Debt secured by floating charges	(9,748)	Debt due to Lloyds TSB Bank plc under cross-guarantee.
Unsecured non-preferential claims	(5,749)	Trade suppliers (before considering Trust Accounts).

**Hythe Realisations Limited (formerly Elec-Track Installations)**  
**In Administration**

**Joint Administrators' Abstract Of Receipts And Payments**  
**Posted from 16 January 2008 To 06 March 2008**

£

<b>RECEIPTS</b>	<b>Total</b>
Book Debts*	300,490 35
Floating Charge Creditor	587 50
PAYE & NI	6,630 18
Total receipts	<u>307,708 03</u>
 <b>PAYMENTS</b>	
Gross Wages	10,858 40
Indirect Labour	5,205 79
Property Expenses	1,824 00
PAYE/NI	2,847 33
Rent	2,004 20
Statutory Advertising	478 92
Bank Charges	180 00
Vat Receivable	735 18
Vat Payable	18 38
Total payments	<u>24,152 20</u>
Balances in Hand	<u><u>283,555 83</u></u>

\* Before payment of commissions payable on collection

**GRANT THORNTON UK LLP**

**HYTHE REALISATIONS LIMITED - IN ADMINISTRATION  
SIP 9 TIME COST ANALYSIS FOR THE PERIOD FROM 16 JANUARY 2008 TO 5 MARCH 2008**

Classification of work function	Partner Hours	Manager Hours	Other Senior Professionals Hours	Assistants and Support Staff Hours	Total Hours	Time Cost £	Average Hourly Rate £/Hour
<b>Administration and Planning</b>	12 00	82 50	138 48	63 05	296 03	67,357 00	227 53
Investigations	-	-	-	1 25	1 25	213 00	170 40
Realisation of Assets	-	5 00	159 30	18 05	182 35	32,953 00	180 71
Creditors	-	4 70	87 95	74 65	167 30	27,913 00	166 84
Trading	-	-	40 55	0 75	41 30	5,677 00	137 46
<b>Grand Total</b>	<b>12 00</b>	<b>92 20</b>	<b>426 28</b>	<b>157 75</b>	<b>688 23</b>	<b>134,113 00</b>	<b>194 87</b>

**Narrative of tasks undertaken**

**Administration and Planning**

Includes general administration and planning, reporting, statutory returns, court filings, physical filing, internal compliance reviews, case planning, statutory obligations (eg statutory returns) maintenance of cash and estate records and general correspondence

Includes initial consideration of approach to investigation into Company and directors Further inquiries are presently underway

**Investigations**

**Realisation of assets**

Includes collection of pre-appointment bank balances, monitoring of book debt collection, dealing with creditors claims to assets including vehicles and retention of title, attendance at trading sites to secure, preservation of asset-specific books and records, pursuing a refund of insurance premium

**Creditors**

Includes correspondence with preferential and unsecured creditors, dealing with creditor correspondence, preparing reports and circulars to creditors, liaising with secured creditor, assistance to DTI in relation to their preferential claim, dealing with inquiries as to redundancies, employee inquiries and general creditor inquiries

**Trading**

Includes site closures including physical exits, liaison with retained staff, site landlords and utilities providers