

The Insolvency Act 1986

Administrator's progress report

Name of Company

Underwood Construction Limited

Company number

02806190

In the
Bristol District Registry

(full name of court)

Court case number
423 of 2013(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
Stephen Powell
HJS Recovery (UK) Ltd
12/14 Carlton Place
Southampton
SO15 2EAGordon Johnston
HJS Recovery (UK) Ltd
12/14 Carlton Place
Southampton
SO15 2EA

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

From

To

(b) Insert date

(b) 10 December 2013

(b) 9 April 2014

Signed

Joint / Administrator(s)

Dated

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

Stephen Powell
HJS Recovery (UK) Ltd
12/14 Carlton Place
Southampton
SO15 2EA

The contact information that you give will be visible to searchers of the

DX Number

023 8023 4222
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

SATURDAY

A14 19/04/2014 #351
COMPANIES HOUSE

Administrators' Final Progress Report

For the Period

10 December 2013 to 9 April 2014

**Underwood Construction Limited -
In Administration**

16 April 2014

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1 Statutory Information

- 1 1 I, together with my colleague Gordon Johnston, was appointed Joint Administrator of Underwood Construction Limited (the **Company**) on 10 June 2013. The application for the appointment of an Administrator was made by the Company.
- 1 2 This Administration is being handled by HJS Recovery at 12-14 Carlton Place, Southampton, Hampshire, SO15 2EA. The Administration is registered in the Bristol District Registry, reference number 423 of 2013.
- 1 3 The trading address of the Company is West Barn, Old Dairy Lane, Norton, Chichester, West Sussex, PO20 3AF.
- 1 4 The registered office of the Company is now 12-14 Carlton Place, Southampton, Hampshire, SO15 2EA and its registered number is 02806190.

2 Administrators' Proposals

- 2 1 As previously advised, the Administrators must perform their functions with the purpose of achieving one of the following objectives:
- rescuing the Company as a going concern,
 - achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), or
 - realising property in order to make a distribution to one or more secured or preferential creditors.
- 2 2 The strategy for achieving these objectives was detailed in my report of 1 August 2013. As reported, the second and third objectives were being pursued and I am pleased to report that once all assets have been realised these objectives will be achieved.

3 Progress of the Administration

- 3 1 Attached at Appendix A is my Receipts and Payments Account for the period from 10 December 2013 to 9 April 2014 and cumulative Receipts and Payments Account for the period from 10 June 2013 to 9 April 2014.

UNDERWOOD CONSTRUCTION LIMITED - IN ADMINISTRATION

3 2 Motor Vehicles

3 3 As reported previously, the directors' statement of affairs showed vehicles with a book value of £84,631 and estimated to realise £50,000. These vehicles were valued by the Joint Administrators' agents at £44,690 after discharge of finance costs. The vehicles have been marketed and sold by the agents for a total of £40,240. Of this £19,100 was subject to VAT. The remaining vehicles sold for, £21,140 and were not subject to VAT.

3 4 Payment for all of the above vehicles has been received in full, and is shown on the attached receipts and payments account.

3 5 Please note that the above amount includes the sale of a vehicle to the Company's directors for £890 plus VAT.

3 6 Furniture, Fixtures, Office Equipment and Plant & Machinery

3 7 These assets were shown in the directors' statement of affairs with a combined book value of £35,875, estimated to realise £2,000. They were valued by the Joint Administrators' agents at £3,400. As previously reported, these assets were purchased by the Company's directors for £4,600 plus VAT. Payment has been received in full.

3 8 Work in Progress

3 9 Creditors will recall that the directors had listed in their statement of affairs, work in progress with a book value of £123,000, estimated to realise £5,000. Following a review by the Administrators' appointed quantity surveyor, Leslie Keats (QS) and communications with the relevant clients it was clear that there would be no benefit gained in novating the on-going contracts. There will therefore be no realisation in this regard.

3 10 Stock

3 11 As previously reported, the Joint Administrators' agents stated that the stock owned by the Company had no realisable value. This has proven to be the case.

3 12 Cash at Bank

3 13 The sum of £178,846 has been received from Santander, the Company's former bankers, representing the funds held in the account at the date of Administration together with additional funds received since the commencement of the Administration.

3 14 Utilities / Rates Refunds

3 15 The sum of £848 has been received in respect of various refunds due to the Company relating to utilities and rates.

UNDERWOOD CONSTRUCTION LIMITED - IN ADMINISTRATION

3 16 **Improvements to Premises**

3 17 Improvements to premises are listed in directors' statement of affairs with a book value of £241,460, estimated to realise nil. Concerns were raised by some creditors regarding the expenditure on the premises. See section 6 3 below.

3 18 **Book Debts**

3 19 Listed in the statement of affairs were book debts due to the Company with a book value of £104,671, estimated to realise the same. Leslie Keats (QS) were instructed to review the situation and commence collection.

3 20 Up to the date of this report the sum of £52,611 has been recovered.

3 21 As previously reported, one debt related to a specific contract with an invoice value of £86,328. Richard Hawkins, a quantity surveyor previously employed by the Company, was instructed by the Joint Administrators to assist with collection of this particular debt. After negotiations, it was advised that the Joint Administrators should accept an offer of £32,653. This offer has been accepted and payment has been received.

3 22 Collection of the remaining book debts is on-going and will continue in the liquidation.

3 23 Included in the above collections is the sum of £9,624, received from the directors of the Company for the purchase of two motor vehicles owned by the Company that were sold and invoiced prior to the commencement of the Administration. The Joint Administrators' agents have confirmed that the consideration paid was a fair value.

3 24 **Retentions**

3 25 The directors' statement of affairs advised that there were retentions due to the Company with a book value of £154,401 and an estimated realisable value of £100,000. Leslie Keats (QS) were instructed by the Joint Administrators to commence collection. This matter is on-going and it should be noted that there are a number of long defect liability periods. The sum of £25,204 has been received to date, of which £16,593 was received since 10 December 2013.

3 26 Further updates on the collection of the retentions will be provided in future reports during the liquidation.

3 27 It should be noted that although the director's statement of affairs shows book debts and retentions with a combined estimated to realise value of £204,671, our appointed QS initially advised that the likely combined realisable value would be in the region of £40,000 and £105,000 depending on the level of counterclaims, disputes and defects.

UNDERWOOD CONSTRUCTION LIMITED - IN ADMINISTRATION

3 28 Corporation Tax Refund

3 29 As previously reported, it was identified that the Company may be entitled to a corporation tax refund by virtue of termination loss relief. The Company's accountants, Treasury Accounting Limited (Treasury), were instructed by the Joint Administrators to review the position and to assist with the filing of the necessary returns. This has been done and the refund in respect of overpaid corporation tax has recently been confirmed at £111,475 compared with £50,000 estimated in the director's statement of affairs.

3 30 It is not evident that this will result in a physical refund. However, should this be the case the refund will be offset against the Company's liabilities to HMRC and the Insolvency Service in respect of redundancy payments resulting in an improved return to creditors as a whole.

3 31 Sundry Debtors

3 32 The sundry debtor listed in the director's statement of affairs with an estimated to realise value of £70,000 is not realisable due to set off.

4 Administrators' Remuneration

4 1 The Creditors approved that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the Administration.

4 2 The Administrators' time costs for the period 10 December 2013 to 9 April 2014 are £13,741.25. This represents 66.05 hours at an average rate of £208.04 per hour. Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during this final period in respect of the costs fixed by reference to time properly spent by me in managing the Administration.

4 3 Also attached as Appendix C is a cumulative Time Analysis for the period from 10 June 2013 to 9 April 2014 which provides details of my time costs since appointment. Attached as Appendix D is additional information in relation to this firm's policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade.

4 4 Attached as Appendix E is a schedule of tasks undertaken by the Administrators.

4 5 Since the date of my last progress report no Category 2 disbursements have been taken.

UNDERWOOD CONSTRUCTION LIMITED - IN ADMINISTRATION

- 4 6 The total fees drawn since my appointment are £69,199 25 plus disbursements of £121 and I can confirm no further amounts will be drawn. A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from www.hjsrecovery.co.uk/publications

The balance of the Administrator's remuneration of £576 75 will be drawn as an expense of the Liquidation

5 Administrators' Expenses

- 5 1 The following expenses have been incurred since the appointment of Joint Administrators during the period covered by this progress report, any unpaid fees will be discharged in the liquidation

Supplier or Service Provider	Nature of expense incurred	Amount incurred (£)	Amount paid (£)	Amount outstanding (£)
Thrings LLP	Court filing fee	85	85	Nil
JLT Specialty Limited	Asset insurance	106	106	Nil
AUA Insolvency Risk Services Ltd	Bordereau	480	480	Nil
Treasury Accounting Limited	Accounting services – assistance with preparation of Statement of Affairs	5,000	5,000	Nil
Treasury Accounting Limited	Accounting services – assistance with tax terminal loss relief claim	11,145	5,000	6,145
Asset Recovery and Insolvency LLP	Asset valuation and disposal	25,000	25,000	Nil
Leslie Keats	Book debt and retention collection and assistance	13,058	10,000	3,058
Richard Hawkins (QS)	Book debt collection and assistance	6,531	6,531	Nil
5G Communications	Telephone, internet and security alarm	149	149	Nil
Office holders' expenses	Travel and subsistence	121	121	Nil
The Legal & Public Notices Advertising Agency	Statutory advertising	155	155	Nil

6 Investigations

- 6 1 In accordance with the Company Directors Disqualification Act 1986 I have submitted a report on the conduct of the Directors of the Company to the Department for Business Innovation & Skills (**BIS**). As this is a confidential report, I am not able to disclose the contents
- 6 2 Shortly after appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting or as a response to my request to complete an investigation questionnaire
- 6 3 As advised above, some creditors raised concerns over the expenditure on the Company's trading premises. This has been subject to review by the Joint Administrators
- 6 4 It has become clear that both the Company and the landlord (the Company's directors) have benefitted from the improvements
- 6 5 From the review it is clear that the work on the premises was split into two categories and two cost value forecasts were drawn up and maintained during the project. One was in respect of the building shell, which was for the benefit of and invoiced to the landlord. The other was for the fit out required by the company under the terms of the lease. These details have been passed to the Joint Administrators' QS for their opinion
- 6 6 The fit out of the West Barn shell was invoiced prior to the Administration, funds in the sum of £1,508 listed at Appendix A, represents the payment of the balance of the unpaid fit out costs following a review
- 6 7 Since the Company entered into administration it is understood that there have been no new tenants in the premises. It is likely that a new tenant will re-fit the premises to their own requirements

7 Unrealised Assets

- 7 1 The following assets have yet to be realised and will now be dealt with by the Liquidators
- Book Debts,
- Retentions

8 Outcome for Creditors and Notice of Dividend

Secured Creditors

8 1 There are no secured creditors in this matter

Preferential Creditors

8 2 A summary of preferential claims is detailed below

Preferential Claim	Statement of Affairs Claim (£)	Agreed Claim (£)	Dividend Paid
Department for Business, Innovation & Skills (BIS)	27,132 95	15,138 98	100p/£
Employees	Combined with figure above	8,807 36	100p/£
Pension Contributions	44 11	Not yet agreed	Not yet agreed

8 3 Preferential creditors in respect of arrears of wages and accrued holiday pay were paid in full on 6 September 2013

8 4 Outstanding pension contributions are still to be reviewed by the Joint Administrators. If it is identified that there are outstanding contributions that rank preferentially, these will be paid in full in the liquidation.

Unsecured Creditors

8 5 I have received claims totalling £1,312,334 from 179 creditors. I have yet to receive claims from 71 creditors whose debts total £96,499 as per the Company's statement of affairs.

8 6 In the absence of the Company granting a floating charge, there is no requirement for the Joint Administrators to set aside a 'Prescribed Part' fund for the benefit of unsecured creditors.

8 7 It is my intention to pay a first dividend to non-preferential creditors and I enclose for your attention a Notice of Intended Dividend and a Statement of Claim form for those who have still to register their claim.

8 8 If you have not already submitted a claim in the Administration can you please complete and return the enclosed Statement of Claim form and return it to me before 31 May 2014, otherwise you will be excluded from any dividend payable after that date. Your claim must include documentary evidence supporting your claim.

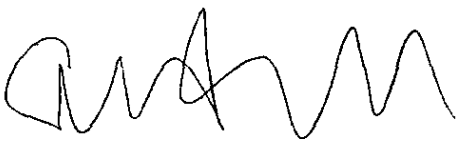
9 Creditors' rights

- 9 1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report
- 9 2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Administrators, as set out in this progress report, are excessive

10 Ending the Administration

- 10 1 Following the registration by Companies House of the notice on moving the Company from Administration into Creditors' Voluntary Liquidation on 10 April 2014, this is the final progress report in the Administration
- 10 2 The Joint Administrators were discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 following their appointment as Joint Administrators ceasing to have effect on 10 April 2014

For and on behalf of
Underwood Construction Limited



Stephen Powell FCCA MABRP
Joint Administrator

Underwood Construction Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 10/12/2013 To 09/04/2014	From 10/06/2013 To 09/04/2014
ASSET REALISATIONS			
NIL	Improvements to Premises	1,508 16	1,508 16
NIL	Plant & Machinery	NIL	NIL
2,000 00	Office Equipment	4,600 00	4,600 00
50,000 00	Motor Vehicles	40,240 00	40,240 00
NIL	Furniture & Fixtures	NIL	NIL
104,671 00	Book Debts	32,652 82	52,611 73
100,000 00	Retentions	16,593 77	25,204 75
5,000 00	Work In Progress	NIL	NIL
3,500 00	Stock	NIL	NIL
70,000 00	Sundry Debtors	NIL	NIL
50,000 00	Corporation Tax Refund	NIL	NIL
165,872 00	Cash at Bank	NIL	178,845 76
	Bank Interest Gross	36 01	100 67
	Utilities/Rates Refund	NIL	848 35
		<u>95,630 76</u>	<u>303,959 42</u>
COST OF REALISATIONS			
	Specific Bond	NIL	480 30
	Pre Appointment Fees	NIL	2,767 50
	Office Holders Fees	14,884 25	69,199 25
	Office Holders Expenses	NIL	121 00
	Agents/Valuers Fees (1)	25,000 00	25,000 00
	Agents Fees	6,530 60	16,530 60
	Legal Fees (1)	NIL	85 00
	Accountant's Fees	NIL	10,000 00
	Telephone, Internet & Security Alarm	NIL	149 25
	Statutory Advertising	NIL	155 00
	Insurance of Assets	NIL	106 00
	PAYE & NI	NIL	3,759 32
		<u>(46,414 85)</u>	<u>(128,353 22)</u>
PREFERENTIAL CREDITORS			
	DE Arrears & Holiday Pay	NIL	15,138 98
(27,132 95)	Employee Claims Arrears/Holiday	NIL	8,807 36
(44 11)	Pension Contributions	NIL	NIL
		<u>NIL</u>	<u>(23,946 34)</u>
UNSECURED CREDITORS			
(921,593 74)	Trade & Expense Creditors	NIL	NIL
(129,496 68)	Employee Claims Redundancy/PILON	NIL	NIL
(70,501 20)	Directors' Loan Account	NIL	NIL
(2,972 00)	HM Revenue & Customs - Class 1A NI	NIL	NIL
(76,795 57)	HM Revenue & Customs - PAYE/NIC	NIL	NIL
(9,810 98)	H M Revenue and Customs CIS	NIL	NIL
(18,459 04)	HM Revenue & Customs - VAT	NIL	NIL
(1,360 81)	Employee Expenses & Mileage	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
DISTRIBUTIONS			
(5,000 00)	Ordinary Shareholders	<u>NIL</u>	<u>NIL</u>
		<u>NIL</u>	<u>NIL</u>

(712,124 08)

49,215 91

151,659 86

REPRESENTED BY

Vat Receivable

Bank 1 Current

509 50

151,150 36

151,659 86

APPENDIX B

Underwood Construction Limited - In Administration

Time Analysis for the period 10 December 2013 to 9 April 2014

SIP9 Category	Insolvency Practitioner	Snr Manager / Manager	Supervisor	Assistant & Support Staff	Total Hours	Charge	Avg Rate
Administration and planning	10 00	0 00	15 30	7 37	32 67	£6,573 75	£201 22
Investigations	1 00	0 00	1 60	0 00	2 60	£630 00	£242 31
Realisation of assets	1 25	0 00	5 20	0 08	6 53	£1,340 00	£205 21
Creditors	2 50	0 00	10 20	0 25	12 95	£2,616 25	£202 03
Distributions	0 00	0 00	0 00	0 00	0 00	£0 00	£0 00
Tax Reviews	4 70	0 00	0 00	3 25	7 95	£2,016 25	£253 62
Closure	0 00	0 00	3 10	0 25	3 35	£565 00	£168 66
TOTALS	19 45	0 00	35 40	11 20	66 05	£13,741 25	£208 04

Current Chargeout Rates	£350	£200-£275	£150-£175	£50-£125	£50-£125		
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APPENDIX C

Underwood Construction Limited - In Administration

Time Analysis for the period 10 June 2013 to 9 April 2014

SIP9 Category	Insolvency Practitioner	Snr Manager / Manager	Supervisor	Assistant & Support Staff	Total Hours	Charge	Avg Rate
Administration and planning	28 30	0 00	86 45	22 09	136 84	£25,525 50	£186 54
Investigations	6 50	0 00	24 50	0 00	31 00	£6 472 50	£208 79
Realisation of assets	12 85	0 00	24 00	0 41	37 26	£8,537 50	£229 13
Creditors	11 75	0 00	118 50	5 08	135 33	£23 430 00	£173 13
Distributions	2 00	0 00	13 00	1 25	16 25	£2,762 50	£170 00
Tax Reviews	4 80	0 00	0 60	6 20	11 60	£2,483 00	£214 05
Closure	0 00	0 00	3 10	0 25	3 35	£565 00	£168 66
TOTALS	66 20	0 00	270 15	35 28	371 63	£69,776 00	£187 76

Current Chargeout Rates	£350	£200-£275	£150-£175	£50-£125	£50-£125		
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1 Policy

Detailed below is HJS Recovery's policy in relation to

- staff allocation and the use of sub-contractors,
- professional advisors, and
- disbursements

1.1 Staff Allocation and the use of Sub-contractors

The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

1.2 Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Treasury Accounting (accounting services)	Set fee of £16,145 plus VAT
Leslie Keats (retention and book debt recovery)	Hourly rate and disbursements plus VAT and 15% of recovery
Asset Recovery & Insolvency (valuation and disposal of assets)	Hourly rate and disbursements plus VAT
Richard Hawkins (book debt recovery)	20% of recovery

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

UNDERWOOD CONSTRUCTION LIMITED - IN ADMINISTRATION

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

On this case the following Category 2 disbursements have been incurred since appointment:

	£
Mileage	104.40

2 Charge-out Rates

A schedule of HJS Recovery's charge-out rates for this assignment effective from 31 May 2011 is detailed below:

	£
Insolvency Practitioners	350
Senior Managers & Managers	200-275
Supervisors	150-175
Administrators & Support Staff	50-125

Specialist departments within HJS accountants, such as Tax, VAT and Pensions, do sometimes charge a small number of hours to an assignment, should the Insolvency Partners require their expert advice. Their rates do vary however, the figures given below provide an indication of the rates charged per hour:

	£
Directors	110-175
Senior Managers & Managers	82-120
Supervisors	42-70
Administrators & Support Staff	20-40

Please note that we reserve the right to amend these rates from time to time during the course of the assignment. However, any material amendments to these rates will be advised to creditors in the next statutory report. Please note that this firm records its time in minimum units of 6 minutes.

APPENDIX E

An indication of the tasks undertaken by the Joint Administrators and their staff are detailed below

Administration and Planning

- Statutory duties associated with the appointment including the filing of relevant notices,
- Notification of appointment to creditors, members, employees and other interested parties,
- Reviewing available information to determine appropriate strategy,
- Setting up case files,
- Setting up and maintaining bank accounts,
- Progress reviews of the case,
- Statutory reporting to creditors

Realisation of Assets

Please refer to section 3 of the report, but in summary the time spent includes

- Liaising with agents & solicitors,
- Correspondence and meetings with interested parties,
- Monitoring and chasing of deposits and deferred sale consideration,
- Identifying, securing & insuring of assets,
- Debt collection,
- Agreement of contracts,

Creditors

- Recording and maintaining the list of creditors,
- Dealing with employee related matters,
- Dealing with retention of title claims,
- Meetings with creditors,
- Recording creditor claims,
- Dealing with creditor queries,
- Reviewing and evaluating creditor claims and providing responses

Investigations

- Corresponding with the former directors & management,
- Recovery and schedule of the company's books and statutory records,
- Conduct an analytical review of company records,
- Review of questionnaires and comments provide by interested parties,
- Questioning of directors and other key personnel,
- Completion of statutory report to the Department for Business, Innovation and Skills

Tax Reviews

- Completion of post-appointment VAT returns and Corporation Tax returns,
- Review of post appointment tax matters

Distributions

- Calculate dividends due to preferential creditors,
- Payment of preferential dividends

Closure

- Closure review and notices