

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company
GT Tools Limited

Company number
03264007

In the
High Court of Justice, Chancery Division, Leeds
District Registry
(full name of court)

Court case number
3551 of 2009

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

I/We (a)
Christopher Michael White
The P&A Partnership
93 Queen Street
Sheffield
S1 1WF
DX 10616 Sheffield

Gareth David Rusling
The P&A Partnership
93 Queen Street
Sheffield
S1 1WF
DX 10616 Sheffield

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

From
(b) 6 January 2010

To
(b) 5 July 2010

(b) Insert date

Signed


Joint / Administrator(s)

Dated

28/7/10

Contact Details.

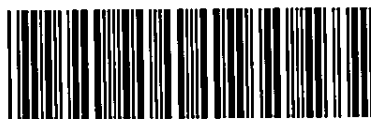
You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

The contact information that you give

Christopher Michael White
The P&A Partnership
93 Queen Street
Sheffield
S1 1WF
DX 10616 Sheffield

0114 2755033

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



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29/07/2010

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COMPANIES HOUSE

THURSDAY

IN THE HIGH COURT OF JUSTICE

NO 3551/2009

CHANCERY DIVISION

LEEDS DISTRICT REGISTRY

IN THE MATTER OF GT TOOLS LIMITED (“the Company”)

AND

**IN THE MATTER OF THE INSOLVENCY ACT 1986 AS AMENDED BY THE
ENTERPRISE ACT 2002**

**JOINT ADMINISTRATORS’ SIX MONTHLY PROGRESS REPORT TO CREDITORS
PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986 AS AMENDED BY THE
INSOLVENCY (AMENDMENT) RULES 2003**

This report has been prepared under the provisions of the Insolvency Rules for the sole purpose of advising the creditors of the company of the progress of the Administration. This report is private and confidential and may not be copied or quoted from in whole or in part, referred to or relied upon for any other purpose, other than advising creditors.

**The P&A Partnership
93 Queen Street
Sheffield
S1 1WF
Tel: 0114 275 5033
Fax: 0114 276 8556**

GT TOOLS LIMITED

1 INTRODUCTION

- 1.1 This report to creditors is made pursuant to Rule 2.47 of the Insolvency Rules 1986 as amended by the Insolvency (Amendment) Rules 2003

2 STATUTORY INFORMATION

Company name	GT Tools Limited
Registered address	93 Queen Street Sheffield S1 1WF (formerly Coxmoor Road Sutton in Ashfield Nottinghamshire NG17 4NE)
Company number	03264007
Other trading names of the Company	None
Date of incorporation	16/10/1996
Objects	Manufacturer of Tooling
Authorised share capital	253,000 ordinary shares of 5p each 44,118 conv preference shares of 5p each
Issued share capital	253,000 ordinary shares of 5p each 44,118 conv preference shares of 5p each
Shareholders	GT Tools Limited
Floating Charge Holder	The Governor & Company of the Bank of Scotland hold a debenture dated 15 November 1996
Directors	John Nicholas Garrow Richard William Mee Malcolm James Smith Hereward Tolmie Tressider
Company Secretary	Hereward Tolmie Tressider

3 COURT HAVING CONTROL OF ADMINISTRATION PROCEEDINGS AND JOINT ADMINISTRATORS' APPOINTMENT

3 1 The High Court of Justice, Chancery Division, Leeds District Registry is the Court seized of the Administration proceedings. The Court reference number is 3551/2009

3 2 On 6 January 2010 the directors of the Company filed a Notice of Appointment of Administrators pursuant to Paragraphs 22 and 29 of Schedule B1 to the Insolvency Act 1986. Christopher Michael White and Gareth David Rusling of The P & A Partnership, 93 Queen Street, Sheffield, S1 1WF were appointed Joint Administrators of the Company

3 3 Christopher Michael White and Gareth David Rusling are Insolvency Practitioners licensed by the Insolvency Practitioners Association of Valiant House, 4-10 Heneage Lane, London EC3A 5DQ

3 4 In accordance with Paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 both of the Joint Administrators may exercise any or all of the functions of the Joint Administrators jointly or alone

4 JOINT ADMINISTRATORS' STRATEGY

4 1 The proposals of the Joint Administrators were to realise the property in order to make a distribution to one or more secured or preferential creditors

4 2 The above objective has been achieved as the secured creditor, Bank of Scotland Plc, have received a distribution under their floating charge. It is envisaged that the Bank of Scotland Plc will receive a further distribution under their fixed charge upon the sale of the Company's property. In addition, we anticipate that the preferential creditors will be paid in full

5 PROGRESS REPORT

5 1 This report covers the six month period following the appointment of the Joint Administrators on 6 January 2010 to 5 July 2010

5 2 Shown below is a summary of the Joint Administrators' receipts and payments covering the six month period between 6 January 2010 and 5 July 2010

	Directors' Statement of Affairs (£)	Actual (£)
RECEIPTS		
Freehold Property	500,000	-
Plant & Machinery		{ 131,633
Office, Furniture & Equipment	93,000	
Motor Vehicles		
Stock/WIP	200,000	146,240
Book Debts	230,000	415,072
Bank Interest Gross	-	170
		<u>696,392</u>

PAYMENTS

Wages	26,552
Electricity	6,295
Gas	8,244
Telephone	446
Repairs & Maintenance	218
Security	2,986
Specific Bond	628
Office Holders' Fees	90,000
Incidental Outlay – Category 2 Disbursements	
Motor & Expenses	919
Postage & Stationery	1,084
Faxes	3
Storage	283
Legal Fees	6,754
Ransom Payments	20,045
Statutory Advertising	155
Insurance of Assets	5,618
Governor & Co of the Bank of Scotland Plc	450,000
VAT Receivable	2,679
	<u>622,909</u>
Balance in Hand	<u>73,483</u>

- 5 3 Prior to our appointment, King Sturge Plant & Machinery Limited (“Sturge P&M”) were instructed to conduct a valuation of the business and the chattel assets of the Company
- 5 4 Shortly following such valuations, the incumbent management approached Sturge P&M and expressed an interest in acquiring the Company’s business and assets, subject to a sale being completed immediately upon the appointment of the Joint Administrators and subject to certain principal terms
- 5 5 Sturge P&M reviewed the offer and recommended that upon the appointment of the Joint Administrators, this should be accepted
- 5 6 The proposed Joint Administrators concurred with Sturge P&M’s recommendation
- 5 7 However, before the offer was agreed, the incumbent management contacted the Company’s major customer who was unwilling to support the incumbent management going forward. This lack of support would have resulted in lower book debt realisations than anticipated
- 5 8 Given the above, and following a review of the operations, further discussions with the directors and Sturge P&M took place. It was recommended by Sturge P&M that significant losses would be made should the Company continue to trade and they therefore recommended that trading operations ceased
- 5 9 Upon the appointment of Joint Administrators, trading ceased and steps were implemented with regard to an orderly wind down of the operations

- 5 10 Initially, the Joint Administrators retained five key employees in order to assist in the sale and removal of tooling stock and work in progress situated on site. All other employees were made redundant with immediate effect.
- 5 11 Three of the five remaining employees were made redundant on 27 January 2010, 29 January 2010 and 5 February 2010. The remaining two employees were made redundant on Friday 12 February 2010.
- 5 12 A number of customers approached the Joint Administrators to purchase and collect part-finished tools in order to fulfil their obligations with their customers, the majority of which were time critical and on a just in time basis. Where this was the case, the Joint Administrators utilised the opportunity and requested that all sums due to the Company were discharged in full prior to the release of tooling. This removed the possibility of potential spurious counter claims thereby enhancing book debt realisations.
- 5 13 The Joint Administrators have received payment for sales of tooling stock and WIP, in the sum of £146,240. We do not anticipate any further realisations from this source.
- 5 14 Any tooling or WIP which was not sold direct to customers has been sold as scrap by our agents.
- 5 15 As at the date of our appointment the Company's outstanding debtor ledger totalled £539,234. To date, £415,072 has been received in respect of book debts with a further £750 anticipated.
- 5 16 A proportion of these debts related to goods which were only part complete. The Joint Administrators were therefore in a position to enter into negotiations with these debtors to obtain full and final settlement in relation to both the outstanding debt and any WIP prior to the tooling being released.
- 5 17 However, due to various tools being incomplete and the Company invoicing for stage payments, several reductions were granted to allow debtors to complete the tools. In addition, minimal discounts were offered in relation to warranties if a deal could not be reached without one.
- 5 18 In an attempt to maximise realisations one of the directors of the Company assisted the Joint Administrators with the collection of the book debts and WIP in return for commissions as follows -
- 0.5% on the first £200,000 realisations
 - 1% on the next £200,000 realisations
 - 1.5% on any realisations over £400,000
- 5 19 All commissions due have now been paid and are reflected within our receipts and payments account detailed at paragraph 5.2. Such commissions were calculated net of any ransom payments.
- 5 20 An online auction was held by Sturge P&M on 4 February 2010, which included two motor vehicles together with various pieces of office furniture and equipment and plant and machinery.

- 5 21 Sturge P&M have informed the Joint Administrators that realisations from this source total £142,140, which is an increase of approximately £40,000 compared to their initial valuation To date £134,910 has been received in this respect
- 5 22 To date, we have received four retention of title claims two of which have been rejected, the remaining two have been accepted and the claimants have been instructed to collect their goods from site
- 5 23 The Company owns and traded from a freehold property situated at Coxmoor Road, Sutton in Ashfield, Nottinghamshire NG17 4NE
- 5 24 King Sturge LLP ("Sturge") were instructed prior to our appointment to conduct a valuation of the Company's property
- 5 25 Sturge commenced marketing the property in the sum of £575,000 with adverts being placed in the paper and on their website and boards being erected at the Company's premises Also, sales packs have been distributed by way of a mail shot to occupiers, investors and property companies alike both locally and regionally who were anticipated to have an interest in the availability of the property
- 5 26 Various third parties have expressed an interest in purchasing the property and our agents recommended to the Joint Administrators that the highest offer be accepted The Joint Administrators therefore approached the Bank and received their consent for the offer to be accepted The potential purchaser has advised the Joint Administrators that they have funding in place and we are currently awaiting contracts to be exchanged on this matter in order to facilitate completion
- 5 27 It was estimated on the directors' statement of affairs that preferential creditor claims would be in the region of £15,054 and unsecured creditor claims would be in the region of £745,382 Preferential and unsecured creditor claims received to date total £3,400 and £846,894 respectively
- 5 28 The Enterprise Act 2002 brought into force provisions for a fund, called the Prescribed Part, to be set aside for distribution to the unsecured creditors from the net realisations of assets subject to a floating charge contained in a debenture As the date of the first floating charge is 15 November 1996 there can be no deduction for the benefit of unsecured creditors as the floating charge pre-dates the Prescribed Part Provisions
- 5 29 Unfortunately, there will be insufficient realisations to enable a distribution to the unsecured creditors in matter However, we anticipate that the preferential creditors will be repaid in full

5 30 The Joint Administrators are to be reimbursed for any expense or necessary disbursements properly charged or incurred in the course of carrying out their duties in this matter. These expenses include category 1 and 2 disbursements such as mileage at "AA" rate, meeting room hire, photocopying, stationery, postage, searches, redirection of mail, storage of the Company's books and records on a commercial basis within the Joint Administrators' storage facility and any other costs appertaining to the conduct of this Administration. Such expenses or disbursements are to be paid from the assets of the Company in accordance with the proposals of the Joint Administrators approved by creditors on. Please refer to the attached Creditors' Guide to the Fees, Expenses and Disbursements charged by The P&A Partnership. A Creditors' Guide to Fees is available and provides explanations of creditors' rights. This can be accessed via the Internet at www.thepandapartnership.com/resources or alternatively a copy can be requested by telephoning The P&A Partnership Help Desk +44 (0)114 275 5033.

5 31 The Joint Administrators' time costs to 5 July 2010 total £94,894, of which £90,000 has been drawn on account. An analysis of the time spent is shown below.

Classification of Work	Partner	Manager	Other Senior Professionals	Assistants	Total	Time Cost £	Average Hourly Rate £
Function	(Hours)	(Hours)	(Hours)	(Hours)	(Hours)		
Case Specific Matters	0 50	0 00	41 50	1 70	43 70	8,308 00	190 11
Trading	0 00	0 00	2 00	0 20	2 20	398 00	180 91
Investigations	1 10	0 00	1 00	0 00	2 10	484 50	230 71
Realisation of Assets	35 60	0 00	100 90	4 80	141 30	29,770 00	210 69
Creditors	30 40	0 00	150 40	25 20	206 00	37,904 00	184 00
Administration & Planning	16 50	4 00	51 90	56 10	128 50	18,029 50	140 31
Totals	84.10	4.00	347.70	88.00	523.80	94,894.00	181.16
Total Time Cost (£)	24,809 50	1,060 00	64,448 50	4,576 00			

5 32 The following matters have been particularly time consuming -

- i A significant amount of time has been spent dealing with customers in respect of negotiations for the sale of stock and also issues with tooling held on site
- ii With regard to post appointment sales, the Joint Administrators, have spent considerable time collecting the outstanding amounts, all of which have now been realised
- iii In addition to the above, time has also been spent attending site carrying out retention of title claims
- iv The Joint Administrators, together with the directors, have spent time pursuing outstanding pre-appointment debtor amounts and also attempting to resolve disputed debts which have arisen
- v As the majority of employees were made redundant, the Joint Administrators have spent a substantial amount of time dealing with employee claims and associated issues. In addition, time was also spent dealing with issues arising from the retained employees
- vi The Joint Administrators and their staff have dealt with voluminous creditor correspondence by way of letter and telephone calls
- vii Numerous issues have arisen in respect of security issues at the Company's freehold property which has resulted in significant time being spent securing and arranging site visits etc
- viii The above is in addition to the Joint Administrators statutory duties

Dated this 26th day of July 2010



Christopher Michael White
Joint Administrator
Acting as an agent of the Company
without personal liability

Creditors Guide to the Fees, Expenses and Disbursements charged by The P&A Partnership

Rates applicable from the 1st October 2009

Details of Insolvency Practitioners Licensing Bodies

John Russell, Brendan Ambrose Guilfoyle, Andrew Philip Wood, Derek Leslie Woolley, Christopher Michael White, Gareth David Rusling, Filippa Connor and Ashleigh William Fletcher are all licensed by the Insolvency Practitioners Association of Valiant House, 4-10 Heneage Lane, London, EC3A 5DQ Philip Andrew Revill is licensed by the Institute of Chartered Accountants of England & Wales of Silbury Court, 412/416 Silbury Boulevard, Milton Keynes, MK9 2AF

Insolvency Practitioners Fees

Where it has been agreed by resolution of the secured creditors, a creditor's committee or creditors generally, that the office holders remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters arising in the appointment, then such remuneration will be calculated in units of 6 minutes at the following hourly standard rates -

Grade	Total Hourly Standard Rates £	Total Hourly Complex Rates £
Partners/Associate	295-395	450-550
Partners & Directors		
Senior Manager & Managers	195-265	290-400
Administrators	160-195	
Assistants	40-160	

These are our current hourly charge out rates and are exclusive of value added tax. Rates are reviewed annually and creditors will be advised of any alteration thereto. In cases of exceptional complexity or risk, the insolvency practitioner reserves the right to obtain authority from the secured creditors, creditor's committee or the creditors generally, that their remuneration on such time as is agreed, shall be charged on the above higher hourly complex rate. Where creditors so resolve, the insolvency practitioners remuneration may be calculated as a percentage of the assets realised and monies distributed to creditors or on the Official Scale in accordance with regulations currently in force.

For remuneration purposes, the insolvency practitioner's staff includes other partners and associate partners in The P&A Partnership together with The P&A Partnership's employees, and directors retained by The P&A Partnership to assist in the administration of appointments held by its partners, associate partners or directors.

Debt Collection, Contested Asset Recovery and Related Services

Contested debt collection will be referred to P&A Receivables Services PLC, an associated company of The P&A Partnership and its dedicated legal firm James Peters & Co. The fees of P&A Receivables Services PLC shall be charged by reference to the time properly given by their staff, such fees will be calculated in units of 6 minutes at the hourly rate of £80. P&A Receivable Services PLC may also be used to recover items such as plant and machinery, to locate debtors and to serve documents. The fees for work of this nature will be calculated in accordance with P&A Receivables Services PLC's standard rates. James Peters & Co fees will be charged by reference to time costs properly incurred, calculated in 6 minute units at an hourly rate of between £109 and £213, plus their disbursements. These fees are in accordance with the guideline rates for summary assessment of costs following consultation between the legal profession and the Designated Civil Judge and are typical of legal firms in this geographical area.

Expenses and Disbursements

The payment of **Category 1** disbursements will be a charge against the estate to recover the cost of the actual disbursement, including insolvency bonds, swearing fees, redirection of mail, accommodation and subsistence, hire of meeting rooms or any other miscellaneous item paid out in respect of the administration of the estate. A separate amount will be charged by way of an expense to recover the cost of **Category 2** disbursements for services provided by the insolvency practitioner's firm. Category 2 disbursements will include storage of company's books and records at the insolvency practitioner's own storage facility. The books and records will be stored in banker's boxes and a storage fee will be charged at the rate of £7.50 per box per month. This charge covers the transportation of records from the company's premises, storage, retrieval of books and records in storage for administration purposes and the destruction of such books and records after the first anniversary of the completion of the insolvency administration. The recharge for company searches and electronic identification procedures for all new clients will depend on the documentation requested. The charges will be £10 per set of financial accounts, £5 for an annual return, £5 for a mortgage summary, £10 for a company report, £35 for the Memorandum and Articles of Association, £15 for credit references, £5 for any other documents and £15 for electronic verification searches. These charges reflect the insolvency practitioners costs to cover the administration costs of collating the information in addition to the direct costs in obtaining the documents. The charge for the use of meeting rooms will be a flat rate of £100 per meeting or £150 in our London premises. This includes where requested, the use of computer and media facilities. Travelling by motor vehicle on business for the administration of the insolvency will be charged to the estate per mile at the appropriate rate currently published by the "AA" for the type of vehicle and engine size used. All circulars will be sent out by first class post and the actual postage costs will be charged as an expense to the estate. In respect of circulars, stationery and photocopying will be charged out at the rate of 50p per letterhead, 25p per copy paper or facsimile, 09p per proxy form, 09p creditor's guide, 20p large envelope, 18p small envelope, 16p address labels. No charge will be made in respect of individual letters relating to the administration of the estate as the costs of these disbursements are reflected in the hourly rate. The charges stated above are subject to small annual increments and creditors will be advised of these with future circulars.

Introduction to Lending Sources

The P&A Partnership may make referrals to P&A Lender Services Ltd ('PALS') being an associated company. PALS and its authorised representatives are not authorised under the Financial Services and Markets Act 2000 or by the Financial Services Authority to provide specific investment advice but they may be able to introduce funding seeking parties ('FSP's') to one or more reputable lending services ('Lender').

In such circumstances where any party associated with the referral is subsequently subject to any formal insolvency procedure and the Partners of The P&A Partnership are appointed office holders in relation to any formal insolvency, then any arrangement fees or commissions or payments becoming due to PALS (if any) from any Lender in respect of the acquisition or future trading of the business and assets of the insolvent party, will be paid into the realisation fund in the formal insolvency for the benefit of creditors.