

2.24B

The Insolvency Act 1986

Joint Administrators' progress report

Name of Company

Rawmat (1998) Limited

Company number

03555620

In the
Great Grimsby County Court

(full name of court)

Court case number

04 OA 2009

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

We (a)
William Duncan
RSM Tenon Recovery
Europarc Innovation Centre
Innovation Way
Grimsby
DN37 9TT

Jonathan Paul Philmore
RSM Tenon Recovery
Europarc Innovation Centre
Innovation Way
Grimsby
DN37 9TT

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

From

To

(b) Insert date

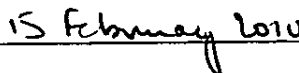
(b) 17 July 2009

(b) 16 January 2010

Signed


 Administrator(s)

Dated


 15 February 2010
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

Simon Smith, RSM Tenon Recovery as above
Tel 01472 500360

DX Number

DX Exchange

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

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18/02/2010

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Private and Confidential

TO ALL KNOWN MEMBERS AND CREDITORS

RSM Tenon Recovery
Europarc Innovation Centre Innovation Way
Grimsby, Lincolnshire DN37 9TT
T +44 (0) 1472 500360
F +44 (0) 1472 500381
www.rsmtenon.com

Our ref LCC/SS/LB/R780/3
Your ref
12 February 2010

When telephoning or emailing please contact Laura Baxter on 01472 500360 or laura.baxter@rsmtenon.com

Dear Sirs

Rawmat (1998) Limited – In Administration ("the Company")

1 Introduction

The Joint Administrators ("the Administrators") were appointed on 17 July 2009 by the Directors of the Company

This is the Joint Administrators' report pursuant to Rule 2.47 of the Insolvency Rules 1986 and covers the period from 17 July 2009 to 16 January 2010. This report is intended to update you on the progress of the Administration.

2. Statutory Information

Statutory information relating to the Company and the appointment of Administrators is attached to this report as Appendix A.

3 Purpose of Administration

As previously reported, following their appointment, the Administrators took control of the business and assets of the Company with a view to implementing the strategy to meet the prioritised objectives of the new Administration regime as follows:

- a) Rescue the Company as a going concern, or,
- b) Achieve a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up (without first being in Administration), or,
- c) Realise property in order to make a distribution to one or more secured or preferential creditors.

Prior to our appointment a review of the business of the Company was undertaken and it was concluded that the first statutory administration objective of rescuing the Company as a going concern was unlikely to be achieved.

The first objective for the Administration could not be met. Without an immediate injection of replacement funding the Company could not be rescued as a going concern. No such funding was available.

Recovery and insolvency services are provided through RSM Tenon Limited and our Insolvency Practitioners are authorised to act in this capacity by their individual licensing bodies. RSM Tenon Limited is a subsidiary of RSM Tenon Group PLC. Directors and staff acting as Administrative Receivers and Administrators act as agents of the company over which they are appointed and contract without personal liability.

RSM Tenon Limited is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms. RSM International is the name given to a network of independent accounting and consulting firms each of which practices in its own right. RSM International does not exist in any jurisdiction as a separate legal entity.

RSM Tenon Limited (No 4066324) is registered in England and Wales. Registered Office: 66 Chislem Street, London W1U 4GB, England.



Committed to the ethical
use of natural resources

Accordingly we proceeded with a view to achieving the second statutory objective of 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

The value of the Company's assets relative to the secured debts together with the value of assets on a break-up basis meant that the second objective also became unlikely

The strategy for the Administration is therefore to realise property in order to make a distribution to one or more secured or preferential creditors

I confirm that the Administrators proposals circulated to creditors on 9 September 2009 were approved in accordance with Rule 2.33(5) of the Insolvency Rules 1986

4. Statement of Affairs

A Statement of Affairs as at the date of the Administrators' appointment on 17 July 2009 was provided by the directors on 4 August 2009 and was circulated to creditors together with the Joint Administrators proposals on 9 September 2009

5. Conduct of the Administration

A copy of the Administrators' receipts and payments account to 16 January 2010 is attached at **Appendix B**. Set out below are details of the progress made to date in the Administration

Sale of the Business

The Joint Administrators considered the merits of continuing to trade. However a prohibition notice had been placed on the Company's machinery by the Health and Safety Executive. Accordingly the Joint Administrators instructed a refrigeration engineer to inspect the plant and make minor repairs. The Administrators were advised that the plant was at no imminent risk however further expenditure would have been required before the plant could have been put back into use and if left idle for any length of time the refrigerant in the system would have to be removed at a significant cost. Insurers would have also required removal of the refrigerant. Therefore due to limited funds with which to make the necessary repairs the Company was unable to trade.

The Company owns the freehold of the cold store which was operated by Arctic Jet Cold Store Limited ("Arctic"), which was also placed into administration on 17th July 2009. The Administrators considered that to ensure that best value was obtained the property of the Company and the business of Arctic should be marketed together.

Accordingly, a sales memorandum was circulated to approximately 94 businesses operating within the storage / transport sector and was also circulated to our contacts. From this we received 23 requests for further information from interested parties and 16 of those interested parties proceeded further and signed confidentiality agreements.

A small number of parties wished to progress the matter and negotiations were undertaken to secure a sale. Due to a number of issues no acceptable offers were received. After 10 weeks of trading Arctic a decision was made that it was not feasible to continue trading and accordingly our joint agents, Sanderson Weatherall, are instructed to market the property for sale with vacant possession.

The Company's plant and machinery located at its trading premises was being marketed for sale by our agents and generated some interest. However no realisations have been made to date as the Company's landlord denied the Joint Administrators access to the trading property or the assets contained therein given the arrears of rent which were outstanding. Accordingly Irwin Mitchell, solicitors, were instructed by the Joint Administrators to challenge the landlords actions to pursue this matter however after careful consideration it was not considered cost effective to pursue realisations of the poultry and fish processing assets. Moreover no value is attributed to the Company's leasehold interests which has therefore been disclaimed.

Debtors

The Company's debtors have been subject to a disclosed invoice discounting agreement with Skipton Business Finance Limited ("Skipton")

At the date of our appointment, Skipton was owed £178,344 secured against sales ledger balances of £207,679 (excluding debts from Arctic). These included £157,867 due from the Company's largest customer who was claiming set off against a debt of £80,731 due to them from Arctic.

At the date of this report Skipton are owed £10,491 against an outstanding ledger of £28,980 which is in dispute and no further realisations are expected.

Plant and Equipment

Fixed plant at the cold store has been included within the agent's valuation of the property.

Ownership of fixed plant and improvements to the property, known as the defrosting plant, is claimed by the Company's largest customer who claimed to have funded the Company's investment in this facility.

The Company has a quantity of stock stored in the freehold cold store. This stock was contaminated with traces of plastics and it therefore had no value and was professionally disposed of.

6. Secured Creditors

Information recorded with the Registrar of Companies shows that the Company has granted debentures and charges shown at Appendix A.

7 Prescribed Part

A debenture was granted in favour of HSBC Bank Plc on 6 March 2007. Since this charge follows the commencement of the provisions of Section 176A of the Act, the Joint Administrators are required to set aside a "Prescribed Part" fund specially for unsecured creditors. Such a fund will not apply should the Company's net property amount to less than £10,000 and the Joint Administrators consider that the cost of making such a distribution would be disproportionate to the benefits.

We do not estimate that there will be funds available for unsecured creditors under these provisions.

8. Preferential Creditors

The Company's employees were declared redundant on 17 July 2009

Preferential claims for accrued wages and holiday pay are estimated at £8,838. The Administrators are yet to receive a claim from the Redundancy Payments Office on behalf of the National Insurance Fund.

There are insufficient funds available to settle the claims of preferential creditors.

9. Unsecured Creditors' Claims

The directors' sworn Statement of Affairs dated 17 July 2009 indicates that the Company has unsecured creditors claims in excess of £775,000. Total claims received to date total £217,519.

10. Exit Route

As there is insufficient property of the Company to enable a distribution to unsecured creditors, it is not appropriate for the matter to proceed to liquidation. It is proposed that once all assets have been realised and expenses of the Administration discharged, the Company will be dissolved in accordance with approved proposals.

11. Solicitors and Agents

Where it has been necessary to instruct professionals such as solicitors and agents they have been chosen based upon their independence and relevant experience in dealing with such matters. The professional costs are based upon an agreed time cost basis (or a % of realisations in the case of agents), details of which are provided to us periodically for review and which are consistent with other professional firms dealing with similar matters.

Agents costs which have been paid are recorded in the attached receipts and payments account, as at Appendix B, and are as follows:

- Irwin Mitchell has been paid £2 plus VAT in respect of legal disbursements.

12. Joint Administrators' Remuneration

The Administrators' approved Proposals including the following:

- The Administrators will be remunerated by reference to time properly spent both for their services as Joint Administrators and also for their staff in attending to the matters arising in the administration of the Company, charged at the charge out rates prevailing at the time the work is undertaken. The Joint Administrators' remuneration will be agreed by the secured creditors and, if appropriate, the preferential creditors.
- The Administrators be at liberty to incur and pay such costs and expenses, including professional fees, as considered to be incidental to the achievement of the purpose of the administration or for the purposes set out herein or to the Joint Administrators' statutory duties.

I attach at Appendix C a summary of the Administrators' current time costs in dealing with the Administration. We have not yet drawn any fees for acting as Joint Administrators against our outstanding time costs of £50,625.

The work undertaken by the Administrators and their staff is briefly detailed below

- **Administration and planning** - Includes dealing with all statutory matters required by legislation and professional guidelines including periodic returns and reports, internal case review and case progression matters including planning, set-up and maintenance of records in addition to the recovery and storage of the Company records
- **Realisation of assets** - Includes the continued negotiations with interested parties concerning the proposed sale of the Company's property and plant & machinery in addition to the implementation of the marketing strategies relating thereto. Further time spent in this regard relates to assisting Skipton Business Finance Limited with the realisation of the outstanding book debts due to the Company and the continued liaison with agents and with solicitors with regards to access to the Company premises
- **Creditors** - Includes general communication with all classes of creditors, receipt and agreement of claims. It also includes specific reporting to the secured creditors
- **Investigations** - Includes the review of Company records, the identification of any rights of action which the Administrators may have including antecedent transactions, and the submission of returns pursuant to the Company Directors Disqualification Act
- **Trading** - Includes dealing with the strategy of the administration along with the health and safety issues

The level of staff has been selected based upon the nature and complexity of the assignment. To reduce the level of professional costs incurred much of the work has been conducted by the Administrators' staff under their instruction. The current hourly charge-out rates for each level of staff are attached at Appendix C

The statutory provisions relating to remuneration are contained in Rule 2.106 of the Rules, as amended by the Insolvency (Amendment) Rules 2003. Creditors may view notes explaining the basis on which the Joint Administrators' remuneration is fixed on the web site of RSM Tenon Recovery at www.rsmtenon.com/creditorguides. If any creditor should require a copy of these explanatory notes they may telephone or write to Laura Baxter of RSM Tenon Recovery at Europarc Innovation Centre, Innovation Way, Grimsby, DN37 9TT, who will be pleased to send them by post free of charge.

13. Joint Administrators' Disbursements

The total disbursements to date of £627 are detailed at Appendix D, against which the Administrators have yet to be reimbursed.

14 Joint Administrators' Investigations

Under the insolvency legislation, the Joint Administrators have a duty to consider the conduct of those who have been directors of the Company at any time within three years preceding the Administration and to report to the Department for Business, Innovation and Skills accordingly. As this is a confidential document between the BIS and myself, I am precluded from divulging its contents in this report.

We are also required to consider whether any civil proceedings should be taken. Please do not hesitate to contact us if there is any matter of which you believe we should be aware when considering the directors' conduct. We should stress that this request for information forms part of our usual investigation proceedings.

15 EC Regulation on Insolvency Proceedings 2000

For the following reason it is considered that the EC Regulation on Insolvency Proceedings 2000 will apply. If it does apply, these proceedings will be the main proceedings as defined in article 3 of the EC regulation.

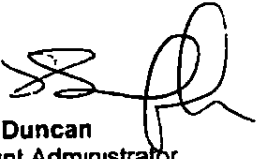
The Company's registered office is from where the Company carries on its business. Therefore in the absence of proof to the contrary, the Company's centre of main interests is in the United Kingdom.

16. Further Information

Should you require any further information, please do not hesitate to contact Simon Smith or Laura Baxter on the telephone number shown at the head of this report.

Yours faithfully

For and on behalf of Rawmat (1998) Limited



W Duncan
Joint Administrator

*William Duncan is a licensed Insolvency Practitioner authorised by The Institute of Chartered Accountants of Scotland
Jonathan Paul Philmore is a licensed Insolvency Practitioner authorised by the Insolvency Practitioners' Association*

*William Duncan and Jonathan Paul Philmore were appointed joint administrators to manage the affairs, business and property of Rawmat (1998) Limited on 17 July 2009
The joint administrators act as agents of the Company, without personal liability*

Appendix A

Rawmat (1998) Limited – in Administration Statutory Information

Company Number: 03555620
Date of Incorporation: 30 April 1998
Registered Office: c/o RSM Tenon Recovery
Europarc Innovation Centre
Innovation Way
Grimsby
DN37 9TT

Formerly
6 Trinity Street
Grimsby
North East Lincolnshire
DN31 3AN

Trading Address: 6 Trinity Street
Grimsby
North East Lincolnshire
DN31 3AN

Issued Share Capital:

6,000 Category A shares of £1 each, fully paid and issued to

Stephen John Hill	3,000
Donald Jeffrey Urquhart	3,000

4,000 Category B shares of £1 each, fully paid and issued to

Tower Sea Products Limited	2,000
White Rose Poultry Limited	2,000

		<u>Appointed</u>	<u>Resigned</u>
Directors:	Stephen John Hill	30/04/1998	N/A
	Donald Jeffrey Urquhart	30/04/1998	N/A
	Michelle McClurey	18/05/2006	N/A
Company Secretaries:	Donald Jeffrey Urquhart	26/07/1999	N/A

Mortgages and Charges: Nottingham Building Society – A mortgage over the freehold property located at Hangar No 2 Caenby Corner Estate, Hemswell and a fixed charge over the equipment, goods and all other fixtures, fittings, plant & machinery created on 28 February 2007 and registered at Companies House on 16 March 2007

HSBC Bank PLC – Debenture conferring fixed and floating charges over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant and machinery created on 6 March 2007 and registered at Companies House on 8 March 2007

Hemswell Estates Limited – Legal charge over the land and buildings located at Hangar No 2 Caenby Corner Estate, Hemswell secured up to £250,000 The charge was created on 20 August 2007 and registered at Companies House on 23 August 2007

Skipton Business Finance Limited – Debenture conferring a fixed charge over all specified and other debts and a floating charge over the floating assets of the Company created 30 June 2008 and registered at Companies House on 1 July 2008

Last Accounts Filed:

Report of the directors and unaudited financial statements for the period ending 30 June 2008 and filed at Companies House on 29 January 2009

Appendix B

Rawmat (1998) Limited - In Administration

**Joint Administrators' Abstract of Receipts and Payments
from 17 July 2009 to 16 January 2010**

Statement of Affairs	Receipts/Payments from 17 July 2009 to 16 January 2010 £
Receipts	
- Property at Hemswell Cliff	-
- Debtors	-
152,772 00 Fixed Assets	-
- Rates Refund	1,211 59
- Sundry Refund	2 37
Total Receipts	<hr/> 1,213 96
Payments	
Legal Disbursements	2 00
Electricity	398 56
VAT	60 52
Total Payments	<hr/> 461 08
Balance in hand	<hr/> 752 88

Appendix C

Rawmat (1998) Limited – In Administration

Time Cost information to 16 January 2010

Detailed below is a summary of time charged by each grade of our staff

Classification of work function	Director	Manager	Other senior professionals	Assistants & support staff	Total hours	Time Cost £	Average hourly rate £
Administration and planning	21 0	50 2	17 6	7 2	96 0	19,599 00	204 16
Realisation of Assets	6 9	37 8	13 7	-	58 4	11,540 50	197 61
Creditors	11 2	27 6	17 9	3 1	59 8	12,261 00	205 03
Investigations	-	0 5	6 3	-	6 8	723 50	106 40
Trading	11 0	19 4	-	-	30 4	6,501 00	213 85
Total	50 1	135 5	55 5	10 3	251 4	50,625 00	201 37

The hourly charge-out rates for each level of staff applicable from 1 November 2008 to 9 January 2010 are

Grade	Rate per hour £
Directors / Associate Directors	275 - 360
Managers	165 - 300
Technical Staff	95 - 175

With effect from 10 January 2010 the following charge-out rates have applied to each level of our staff

Grade	Rate per hour £
Directors / Associate Directors	290 - 300
Managers	190 - 265
Technical Staff	120 - 170
Assistants and Support Staff	95-120

Appendix D

Rawmat (1998) Limited – In Administration

RMS Tenon – Grimsby Office

Category 1 disbursements	£	Category 2 disbursements	£
Company searches	8 00	Postage	36 00
Bordereau	262 00	Photocopying	60 00
Statutory advertising	75 60		
Travel	173 18		
Land Registry Services	12 00		
Total	530 78	Total	96 00

CATEGORY 1 AND CATEGORY 2 DISBURSEMENTS

Category 1 disbursements relate to external services provided which are directly attributable to the case

Category 2 disbursements relate to internal charges made for items such as postage, faxes, room hire and mileage

The rates at which these charges are made are listed below and in my opinion are in line with the cost of external provision of these charges and (where applicable) in accordance with Rule 13 11(b) of the Insolvency Rules 1986

Disbursement	Charge
Postage – 1 st Class (circulars only, per copy and depending on size)	50p – £1 00
Postage – 2 nd Class (circulars only, per copy and depending on size)	40p – 75p
Photocopying (circulars only, per page)	15p
Faxes (incoming & outgoing, per page)	25p
Room Hire (per hour, minimum charge £25)	£25 00
Mileage (per mile)	40 - 50p

Creditor approval is required for Category 2 disbursements to be charged as an expense of the case in accordance with best practice guidelines as set out in Statement of Insolvency Practice 9 (as amended in April 2007)