

AM03

Notice of administrator's proposals



Companies House

WEDNESDAY



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03/07/2019

#231

COMPANIES HOUSE

1 Company details

Company number 0 3 6 7 4 3 7 2

Company name in full HW Architectural Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals

2 Administrator's name

Full forename(s) Adrian Peter

Surname Berry

3 Administrator's address

Building name/number 1 City Square

Street Leeds

Post town County/ West Yorkshire

Region

Postcode L S 1 2 A 4

Country

4 Administrator's name ①

Full forename(s) Clare

Surname Boardman

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 1 City Square

Street Leeds

Post town County/ West Yorkshire

Region

Postcode L S 1 2 A 4

Country

② Other administrator
Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

6 Statement of proposals



I attach a copy of the statement of proposals

7 Sign and date

Administrator's
Signature

Signature

X

X

Signature date

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9

AM03

Notice of Administrator's Proposals



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Narinder Aheer
Company name	Deloitte LLP
Address	Four Brindley Place
	Birmingham
Post town	
County/Region	
Postcode	B 1 2 H Z
Country	
DX	
Telephone	+44 121 632 6000



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



HW Architectural Limited (In Administration) ("the Company" / "HWA")

Court Case No. 003075 of 2019
High Court of Justice
Company Number: 03674372

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

Registered Office:
c/o Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ

Adrian Peter Berry and Clare Boardman ("the Joint Administrators") were appointed Joint Administrators of HW Architectural Limited on 08 May 2019 by the directors of the Company. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners.

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

01 July 2019



HW Architectural Limited (In Administration)

Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ
UK
Tel: +44 (0) 121 632 6000
Fax: +44 (0) 121 695 5678
www.deloitte.co.uk

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

It appears that the Company may have sufficient property to enable a distribution to be made to unsecured creditors. As such we are required in accordance with paragraph 51 of Schedule B1 of the Insolvency Act 1986 to seek creditors' approval of our Proposals. In this instance, we propose to seek approval of our Proposals by deemed consent, notice of which has been posted to the website on Form ADM_127. The proposed decision to approve our Proposals will be treated as having been made by creditors unless objected to, using the appropriate procedure as set out in the Notice, by 10% or more in value of creditors. Should that happen, the decision on approval will not be made and a further decision procedure will be held. **Unless you object to our Proposals, no action is required from you.** Please refer to the website for further details including forms and guidance.

We are also asking creditors to make decisions regarding our fees, expenses and ultimate discharge as administrators. We intend to do this by conducting a decision procedure by correspondence, formal notice of which on Form ADM_F03 together with guidance and voting forms, is also available for viewing and download from the website. Please note that voting forms received after 16 July 2019 will not be taken into account.

Please refer to the Frequently Asked Questions section on the case website for more information about decision procedures in insolvency proceedings.

Please also note that hard copies of any of these documents will be provided free of charge on request.

We have also included the following information in this report:

- background of the Company;
- the circumstances giving rise to the appointment of the Joint Administrators;
- the progress of the administration to date; and,
- the Joint Administrators' Proposals for achieving the objective of the administrations.








Yours faithfully

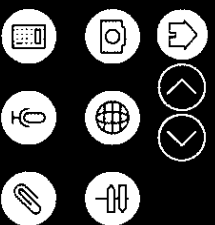
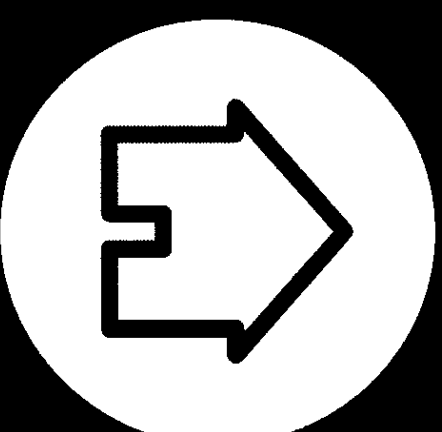
For and on behalf of the Company

Adrian Peter Berry
Joint Administrators

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom.

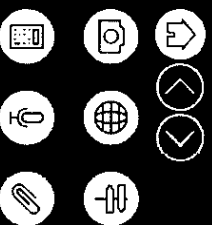
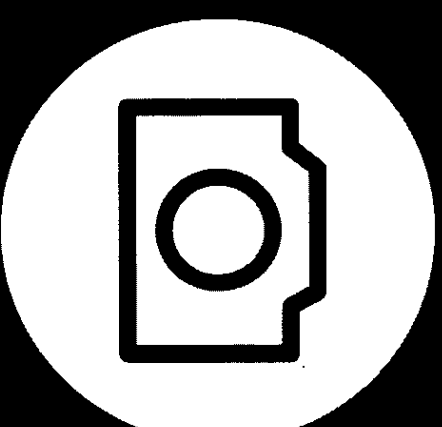
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Key messages



Key messages

Joint Administrators of the Company

Adrian Peter Berry

Clare Boardman

Deloitte LLP

1 City Square

Leeds

LS1 2AL

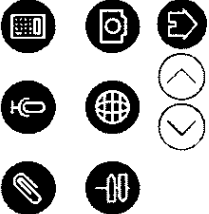
Contact details

Email: naheer@deloitte.co.uk

Website: www.ips-docs.com

Tel: 0121 695 5250

Date Proposals delivered to creditors: 1 July 2019



	Commentary
Purpose of the administration	<ul style="list-style-type: none">The purpose of the administration will be to achieve a better result for the Company's creditors as a whole than a liquidation.
Joint Administrators' strategy	<ul style="list-style-type: none">Trading ceased upon our appointment on 8 May 2019. Subsequently, a sale of the business and assets to an unconnected party was completed on 31 May 2019. Please refer to page 11 for further details.
Approval of the Proposals	<ul style="list-style-type: none">We anticipate that there may be sufficient funds available to make a distribution to unsecured creditors. Therefore, we are required to seek a decision from unsecured creditors for the approval of our Proposals. The unsecured creditors will also be invited to make a decision regarding our fees and expenses. Notices of the decision procedures to consider these matters have been posted to the case website, together with guidance on what action if any is required. Please note that hard copies of any of these documents will be provided to you free of charge on request using any of the contact details provided to the left of this page.
Estimated Timescale	<ul style="list-style-type: none">On current information the duration of the administration is not likely to exceed 12 months following which it is anticipated that the Company will move to creditors' voluntary liquidation as detailed at page 14.
Estimated Costs	<ul style="list-style-type: none">We propose to charge our fees by reference to our time costs.We have provided a Fees Estimate showing a breakdown of our anticipated time costs and actual costs to date at Appendix C.We anticipate that disbursements of approximately £2.2k will be incurred over the duration of the appointment as detailed at Appendix D.We anticipate that third party costs in relation to legal, agents and quantity surveyor fees will be in the region of £50k over the duration of the appointment as detailed on page 17.
Estimated Outcomes	<ul style="list-style-type: none">On current information, we anticipate the following outcome for each category of creditor:<ul style="list-style-type: none">Secured creditors – Whilst Lloyds TSB Bank plc ("Lloyds Bank") and Lloyds Bank Commercial Finance Limited ("Lloyds CF") held security over the Company's assets, there was no debt outstanding to either Lloyds Bank or Lloyds CF at the date of the Joint Administrators' appointment. There are therefore no secured creditors.Preferential creditors – We anticipate that there may be sufficient realisations to enable payment in full of preferential claims.Unsecured creditors – We anticipate that there may be sufficient funds to enable a distribution for unsecured creditors.
Proposals	<ul style="list-style-type: none">Our Proposals for managing the business and affairs of the Company can be found on page 12.



Background

The Company

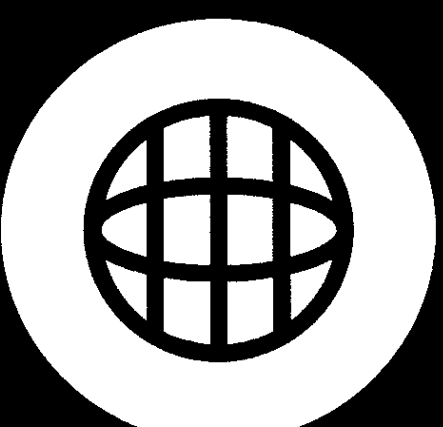
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Summary financials

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Joint Administrators' appointment

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Background

The Company

Background

The Company was incorporated in November 1998, albeit the business had traded for over 100 years.

Based in Brighouse, West Yorkshire, the Company designed, manufactured and installed aluminium glazing packages into the construction industry.

Employees

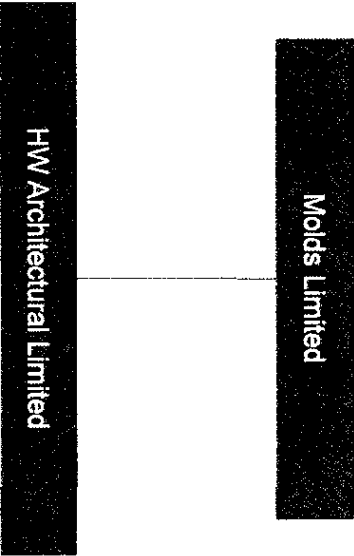
As at 8 May 2019, the Company employed approximately 84 staff.

Group Structure Chart

A group structure chart is set out opposite.

The Company was the trading entity, its parent company was Molds Limited. Molds Limited remains active and has not entered into an insolvency process.

As at the date of the Joint Administrators' appointment, the directors of the Company were Mr Gareth Dobson, Mr Charles Michael Dobson, Mrs Jennifer Hewitt and Ms Sandra Marson. At the time of our appointment the position of Company Secretary was vacant but was previously held by Hamish Ogilvie.



Background

Summary financials

HW Architectural Limited Profit & Loss

£	Management Accounts for 3 months to 31-Mar-19	Management Accounts for 12 months to 31-Dec-18	Statutory Accounts for 12 months to 31-Dec-17	Statutory Accounts for 12 months to 31-Dec-16
Turnover	1,668,784	11,918,015	9,483,690	11,036,418
Cost of sales	(1,181,037)	(9,008,044)	(7,925,764)	(9,442,144)
Gross profit	487,747	2,909,971	1,557,926	1,594,274
Gross margin %	29%	24%	16%	14%
(L)/EBIT	(321,672)	(876,956)	151,495	221,587

HW Architectural Limited - Balance Sheet

£	Management Accounts as at 31-Mar-19	Management Accounts as at 31-Dec-18	Statutory Accounts as at 31-Dec-17	Statutory Accounts as at 31-Dec-16
Tangible assets	60,678	68,685	103,575	85,892
Fixed assets	60,678	68,685	103,575	85,892
Stock & WIP	131,980	189,163	124,923	184,309
Trade debtors	814,636	1,577,155	1,229,628	2,211,640
Other debtors & prepayments	373,962	321,948	199,485	210,867
Cash at bank	240,314	741,750	1,100,077	1,053,420
Current assets	1,560,892	2,830,016	2,654,113	3,660,236
Trade creditors	(1,375,992)	(2,119,380)	(1,148,100)	(2,196,826)
Other	(707,585)	(918,645)	(872,777)	(972,647)
Total liabilities	(2,083,577)	(3,038,025)	(2,020,877)	(3,169,473)
Net assets	(462,007)	(139,324)	736,811	576,655

Overview of financial information

Extracts from the audited Company accounts for the 12 months to 31 December 2016 and 12 months to 31 December 2017, and management accounts (unaudited) for the 12 months to 31 December 2018 and 3 months to 31 March 2019 are shown above.

Please note that this information has not been verified by the Joint Administrators or by Deloitte.

Profit and loss commentary

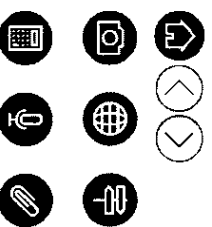
The Company incurred an LBIT of £877k in the year to 31 December 2018, compared with an EBIT of £151k in the year to 31 December 2017. This was predominantly driven by a large contract undertaken during 2018 which was significantly loss making. These losses did not fully crystallise until the final account was agreed in February 2019.

A further LBIT of £322k was incurred in the 3 months to 31 March 2019, impacted by the above contract together with a reduced sales pipeline and customer delays in commencement of agreed works/contracts and a further dispute over a second contract.

Balance sheet commentary

Tangible assets principally comprise plant and machinery at the Company's leasehold premises in Brighthouse.

Cash was significantly eroded between 31 December 2017 and 31 March 2019 due to the trading losses incurred. Trade debtors also reduced significantly by 31 March 2019, as a result of the declining order pipeline.



Background

Joint Administrators' appointment

Circumstances giving rise to the appointment of the Joint Administrators

Reasons for failure & financial distress

The Company began experiencing a decline in trading performance in 2018, predominantly driven by the large contract mentioned on the previous page, which was significantly loss making together with supply chain performance issues.

This was further compounded by challenging market conditions resulting in a low order pipeline in 2019, accompanied by the delay and loss of certain contracts.

This decline in performance caused an erosion in the Company's cash position. With further losses forecast, the Company was becoming unable to meet its debts as and when they fell due.

Steps taken to remedy/turnaround

In January 2019, the director's implemented a turnaround strategy, which included cost-saving initiatives across the business.

Unfortunately, despite these efforts to resolve the situation, the Company was unable to sustain the level of losses being incurred and approached Deloitte in May 2019 to discuss placing the Company into administration.

When decision to appoint was made

The directors held a board meeting on 7 May 2019 to consider placing the Company into administration once it became clear that the Company would be unable to pay its debts once they fell due.

Involvement of Deloitte pre-appointment

As mentioned opposite, the directors of the Company approached Deloitte in May 2019, to discuss the Company's financial position and advise them of the options available to them.

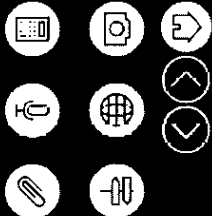
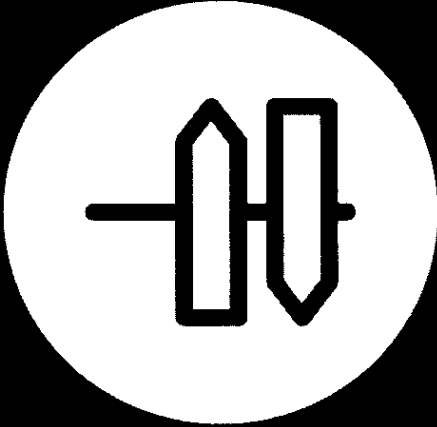
Following this introduction, Adrian Peter Berry and Clare Boardman of Deloitte were asked to take the pending appointment as Joint Administrators by the directors of the Company.





Post-appointment

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Post-appointment Purpose

Appointment of the Joint Administrators

Adrian Peter Berry and Clare Boardman, of Deloitte, were appointed Joint Administrators of the Company by the directors of the Company on 8 May 2019, following the filing of a Notice of Appointment of Joint Administrators by the Company's directors.

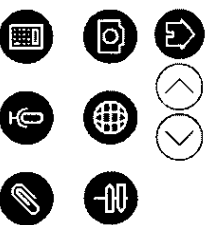
Purpose of the administration

The Company had a significant cash requirement which would need to be addressed in order to rescue the business as a going concern. However, having regard to the likely value of the underlying business and assets, as based on available financial information and valuations, there was unlikely to be any interest from third parties in providing an equity or cash injection.

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



Post-appointment Joint Administrators' strategy



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

Sale of business

Immediately following our appointment, we undertook an assessment of the Company's financial affairs to establish whether we would be able to continue to trade the Company's business within the administration.

Unfortunately, due to the contractual nature of the Company's business and the cash required to trade, we concluded that trading was not viable and therefore our realisation strategy would be to wind down the Company's business in an orderly fashion.

Unfortunately, this meant that there would be the immediate redundancy of the majority of the 84 employees.

Notwithstanding the decision not to trade the business, the Joint Administrators were approached by a number of parties interested in acquiring the business and assets of the Company. The majority of interest was in the plant and equipment, order book and certain work in progress.

One of these parties was also interested in re-starting the business on a scaled down basis. This interested party was also prepared to assist the Joint Administrators in the collection of book debts, which could involve (in certain circumstances) attending to existing contractual defects, which the Joint Administrators considered could enhance trade debtor realisations.

Therefore, on 31 May 2019 the business and assets of the Company were sold to Heywood Williams Architectural Limited ("Newco"), a new company set up by the interested party to acquire the business and assets. The details of the sale are confidential, however, the consideration received is included in the receipts and payments account on page 23. As noted above and further discussed opposite, future benefit from this transaction is expected via enhanced debtor realisations.

Receipts and payment account

A receipts and payments account, detailing asset realisations achieved and costs paid up to 25 June 2019 is provided on page 23.

Asset realisations

Stock and work in progress ("WIP")

To date, we have sold £28.8k of stock and WIP in relation to a small number of orders/contracts in place on appointment.

The remaining stock was sold to Newco under the terms of the sale of the business and assets agreement.

Leasehold property

The Company operates from leasehold premises. The Joint Administrators granted Newco a three month license to occupy the premises as part of the sale of the business and assets agreement.

Books debts/retentions

As at the date of our appointment, the Company's sales ledger showed pre-appointment book debts/retentions valued at £1.1m. At the time of the transaction with Newco, we had collected £93.7k from debtors/retentions. Newco is assisting with collection of the remaining debtors/retentions. Under the sale of business agreement, Newco will attend to certain defects that may arise on pre-existing contracts, which the Joint Administrators believe will reduce the risk of debtor disputes and enhance realisations.

Chattel assets

As at the date of appointment the Company owned a quantity of tangible assets including plant and machinery, fixtures and fittings and other items across its trading premises, with a combined book value of £61k. An independent valuer, Sanderson Weatherall LLP, was instructed to value and advise on the optimal disposal strategy for these assets.

All of the plant and machinery was unencumbered and was subsequently sold to Newco under the sale of the business and assets agreement.

Post-appointment Joint Administrators' Proposals

The Joint Administrators' Proposals

Our Proposals for the administration include:

- continuing to manage the affairs and any remaining assets of the Company and the settlement of all administration expenses;
- assessing the affairs of the Company and reviewing and reporting on the conduct of its directors and, where required, providing assistance to any regulatory authorities with any investigation into the affairs of the Company or its management;
- agreement of the claims of any secured, preferential and unsecured creditors against the Company unless we conclude, in our reasonable opinion, that the Company will have no assets available for distribution;
- distributing funds to any secured and preferential creditors and, where applicable, to unsecured creditors under the Prescribed Part as and when their claims are agreed and funds permit, and to make distributions to unsecured creditors, other than out of the Prescribed Part if the court gives permission following an appropriate application;
- that, following the realisation of assets and resolution of all matters in the administration, and as quickly and efficiently as is reasonably practicable, we will implement the most appropriate exit route to formally conclude the administration; and
- that, if the Company is to be placed into Creditors' Voluntary Liquidation ("CVL"), we (or any person appointed as a replacement office holder) propose to be appointed Joint Liquidators and for the purposes of section 231 of the Act the Joint Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

We will seek specific approval from the appropriate body to fix the basis of and the ability to draw our remuneration and expenses, and to agree the time of our discharge on conclusion of the administration. Please refer to Appendix E for further details of our proposals.



Post-appointment Outcome for creditors

Estimated outcome for creditors

Secured creditors

The Company's records show that Lloyds Bank and Lloyds CF held fixed and floating charges over the Company's assets, granted by the Company in February 2001 and May 2017 respectively. However, at the date of our appointment there was no outstanding debt to either Lloyds Bank or Lloyds CF. There are therefore no secured creditors.

Preferential creditors

Preferential claims consist of amounts owed to employees for arrears of wages/salaries, holiday pay, and pension contributions. We estimate that there will be preferential claims totalling £86k. On present information we anticipate that sufficient funds may become available to enable these claims to be paid.

Unsecured creditors

The directors' statement of affairs shows estimated non-preferential claims totalling £2.1m.

We anticipate that there may be sufficient funds realised to enable a small distribution to be made to unsecured creditors.

Prescribed Part

As the Company has no secured creditors the Prescribed Part provisions will not apply to this case.

Claims process

Unsecured creditors are invited to submit their claims to us (if they have not already done so) by completing a proof of debt form which is available on the administration website and which should be sent to the address on the front cover of this report, marked for the attention of Narinder Aheer. Please note that having regard to the size of claims against the Company, the amount of any dividend to unsecured creditors is likely to be low.

Creditors with debts of £1,000 or less

You do not need to prove your debt for dividend purposes if the amount you are owed, according to the Company's statement of affairs, is £1,000 or less. Instead, we will notify you if funds become available for dividend purposes and provide you with details of the amount at which your claim has been admitted. If you disagree with that amount, you will be provided with an opportunity to notify us of the correct amount.

Please note that should you wish to vote in a decision procedure, you will then need to submit a proof of claim to us.



Post-appointment Extensions & exit routes

Exit routes

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

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

- *Dissolution* – If there is no further property which might permit a distribution to the Company's creditors, we may file notice to that effect with the Registrar of Companies and the Company will be dissolved three months later.
- *Compulsory Liquidation* ("WUC") – Where there is a possibility, but no certainty, of recoveries being made or matters such as property to disclaim or further enquiry, it may be appropriate to ask the court to end the administration and to make an order to wind up the Company.
- *Creditors' Voluntary Liquidation* ("CVL") – Where a distribution to unsecured creditors will be made, other than by virtue of the Prescribed Part, we may file a notice to that effect with the Registrar of Companies. The administration will cease on the date that notice is registered and the Company will be wound up.

Based upon current information, the Joint

Administrators believe that the most likely exit route will be via a CVL. Please note that if the Company is placed into CVL, the Joint Administrators (or any person appointed as a replacement office holder) propose to be appointed as Joint Liquidators. The creditors may nominate a different person to be liquidators provided the nomination is made before the Proposals are approved by creditors i.e. by 16 July 2019.

- Any creditors' committee appointed in the administration will become a liquidation committee and the basis of the Joint Administrators' remuneration fixed during the administration will apply in the liquidation.

- For the purposes of section 231 of the Act the liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

Discharge of Joint Administrators' liability

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

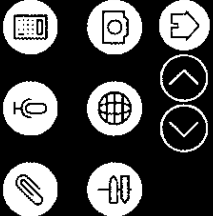
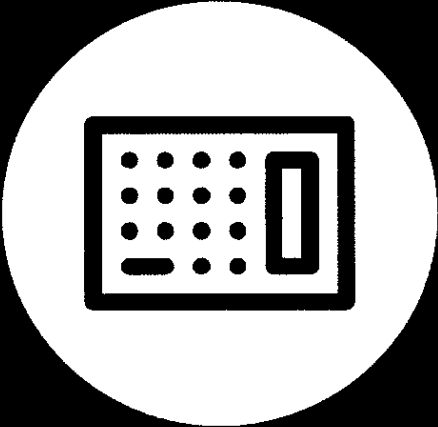
In this case, we will request approval from the creditors for us to be discharged from liability as at the date the Registrar of Companies registers the Joint Administrators' final progress report.





Remuneration and expenses

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Remuneration and expenses

Creditors' Guide to Administrators' Remuneration

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

Should you require a paper copy, please send your request in writing to the Joint Administrators at the address on page 4 and this will be provided to you at no cost.

Basis of Administrators' remuneration

Pursuant to Rule 18.16 of the Insolvency Rules 2016 ("the Rules"), the basis of the Joint Administrators' remuneration may be fixed:

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

Having regard to the circumstances of this matter, and as set out in more detail in our Fee Estimate at Appendix C, we invite the creditors, or the creditors' committee should one be formed, to formally approve that the basis of our remuneration be fixed by reference to our time costs incurred in attending to matters arising in the administration. Approval will be sought as part of the decision procedure which will be held by correspondence, notice of which together with the resolutions being requested in respect of our remuneration and expenses, voting forms and general guidance is available at www.jps-docs.com and can also be provided to you in hard copy on request to naheer@Deloitte.co.uk.

Please note that in the event that a creditors' committee is formed, the resolutions tabled in this decision procedure will be determined by that committee.

Fees Estimate

A Fees Estimate is provided at Appendix C in which we have tried to provide you with as accurate an estimate as we can of our likely time costs for the duration of the appointment. We have based this estimate on experience in other similar matters, the cost of work done to date and the work remaining to be carried out and estimate that our time costs will be c£450k. Although we don't anticipate drawing more than c£300k on the basis that the administration is concluded within 12 months and there are no extensions required.



Remuneration and expenses

Creditors' Guide to Administrators' Remuneration

Joint Administrators' expenses

We anticipate that we will incur the following disbursements during the appointment:

Category 1:

- Statutory Advertising - we are required to give notice by advert in the London Gazette of the following matters: our appointment; and proposed distributions to preferential and unsecured creditors. We estimate the advertising costs in this regard will be £210.

- Travel - £750
 - Accommodation - £1,000
 - Subsistence - £100
 - Case Bond - £230
- Category 2:
- Mileage - £100

Expenses - Professional costs

- Legal costs – we have instructed Walker Morris LLP, a firm of lawyers with the appropriate expertise and experience in dealing with these types of administrations, to advise on the following legal matters and to prepare required legal documentation in relation to:
 - Review of validity of the Joint Administrators' Appointment;
 - Preparation of, and advice in relation to, the sale and purchase agreement for the sale of the Company's business and assets (detailed previously in this report); and
 - Other general advice in relation to matters arising in the administration.
 - To date their billed costs have amounted to £14k (plus VAT) and they have estimated that their further fees will be in the region of £3k (plus VAT).
- Agents' costs – we instructed Sanderson Weatherall LLP ("SW"), a firm of agents with the appropriate expertise and experience, to assist in the following matters:
 - Value the Company's assets, advise on the optimal disposal strategy for such assets, and prepare for a sale of the assets.
 - SW fees to date are £4.5k (exclusive of VAT and disbursements).
 - Quantity Surveyor costs – we have instructed Leslie Keats Limited ("LK"), a firm of quantity surveyors with the appropriate expertise and experience to assist in the following matter:
 - Assessment of the Company's debtor ledger at the date of our appointment, including assistance in collecting debtor receipts; and
 - Monitor the ongoing collection of debtors to be carried out by Newco.
 - To date LK has billed costs of £10k (plus VAT) and LK has estimated that future fees will be in the region of £2k (plus VAT) per month.
 - All professional costs are reviewed by us and analysed in detail before payment is approved or made.

Expenses - Professional costs (cont'd)



Remuneration and expenses

Pre-administration costs

Statement of pre-administration costs

In the following paragraph we have provided an explanation of the work carried out by us in the period prior to the administration and which was carried out with the intention of helping to achieve the objective of the administration.

The following work was undertaken in the period prior to our appointment:

- Contingency Planning;
 - Develop a strategy for the administration appointment; and
 - Completion of the appointment documentation.
- In relation to this work our costs were £12,420, which have not been paid.

Approval of unpaid pre-administration costs

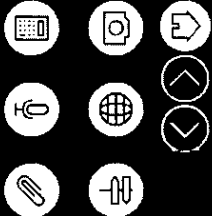
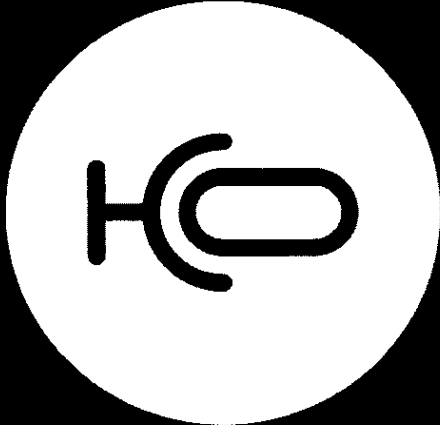
As set out above, we have unpaid pre administration costs of £12,420. The payment of these unpaid costs as an expense of the administration is subject to approval under Rule 3.52 of the Act. In this regard we will invite creditors to decide whether and to what extent the unpaid pre-administration costs should be approved for payment.





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Additional information

Case specific matters and investigations

EU Regulations

As stated in the administration appointment documents, Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

Third party assets

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

Investigations

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

In addition, we are required to consider the conduct of the directors and any person we consider to have acted as a shadow or de facto director in relation to their management of the affairs of the Company and the causes of failure and we will submit a confidential report to the Insolvency Service, a division of the Department for Business, Innovation and Skills. Creditors who wish to draw any matters to our attention should contact us using the contact details given on page 4 as soon as possible.

Website

In order to facilitate communication, all statutory reports, documents and notices will be posted on to a website which has been set up specifically for the Company. The web address is www.ips-docs.com.

All documents will be retained on the website which will remain live until two months after the conclusion of the proceedings. Please contact Narinder Aheer using any of the contact details given on page 4 if you would like to be provided, free of charge, with a hard copy of documents posted, either now or in the future, to the website.

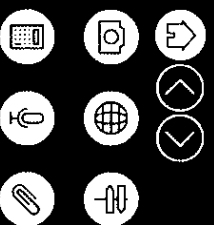
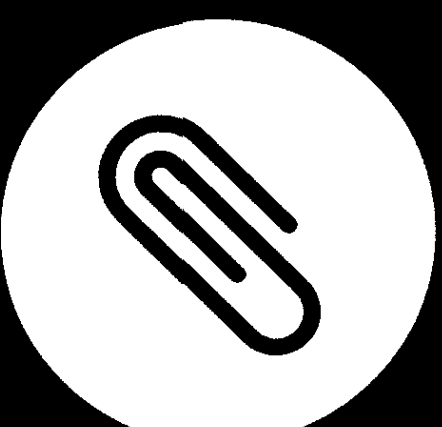
Please note that, other than notice of intended dividend, no further notice will be given to you when documents are uploaded to the website. It is thus important that you review the website regularly to check for updates, such as notices of decision procedures or our six monthly reports on progress.





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Appendices

Appendix A

Directors' summary Statement of Affairs

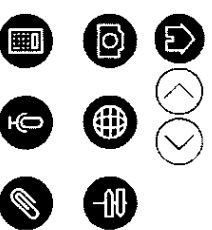
£	Book value	Estimated to realise
Assets subject to fixed charge		
Less: Amounts due to fixed charge holders	-	-
Estimated surplus/(deficiency) to fixed charge holders	-	-
Assets subject to floating charge		
Plant & Equipment	60,678	80,000
Stock	72,283	20,000
WIP	198,201	20,000
Cash at Bank	64,888	64,888
Debtors	738,161	332,172
Debtors Retentions	379,918	37,992
Estimated total assets available for preferential creditors	1,514,129	555,053
Preferential creditors		(86,151)
Total assets available to unsecured creditors		468,902
Unsecured non-preferential claims		(2,131,939)
Estimated (deficiency) / surplus to creditors		(1,663,037)
Called up share capital		(300,000)
Estimate (deficiency) / surplus to members		(1,963,037)

Joint Administrators' comments

The Directors' statement of affairs is available online at www.ips-docs.com, including a schedule of the names and addresses of all known creditors. Please note that in accordance with Rule 3.35(4) of the Insolvency Rules 2016, names and addresses for employees and consumers who have paid deposits or in advance for the supply of goods and services will not be shown.

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

Please note the statement figures have not been verified by Deloitte.



Appendices

Appendix B

Joint Administrators' receipts and payments account 8 May 2019 to 25 June 2019

£	SoA values	Notes	To date
Receipts			
Book Debts/Retentions	370,164		93,682
Plant & Machinery	80,000		80,000
Cash at Bank	64,888		61,006
WIP & Stock	40,000		38,750
Goodwill	-		10,000
Prepayments	-		853
Bank Interest Gross	-	A	20
License Fee	-		66,506
Total receipts	555,052		350,817
Payments			
Wages and Salaries			15,779
Payroll Deductions			4,493
Rent - Under License			29,529
Rent Administration Cost			3,804
Statutory Advertising			87
Bank Charges			14
Employee Expenses			360
Motor Vehicles			507
Total payments			54,573
Balance			296,244
Made up of:			
I/B Current Account		A	324,580
Other Payroll Deductions			(215)
PAYE Payable			2,393
Nat. Ins. Payable			1,084
Trade Creditors			(17,764)
VAT Payable		B	(13,834)
Balance in hand			296,244

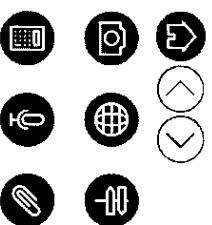
Notes to the receipts and payments account

Opposite are the receipts and payments which have occurred since 8 May 2019.

A – All funds are held in an interest bearing account. The associated corporation tax on interest received will be accounted for to HM Revenue & Customs.

B – All sums opposite are shown net of VAT. The amount payable will be accounted for to HM Revenue & Customs in due course.

Note: There may appear to be rounding errors as all entries in the receipts and payments account have been presented for reporting purposes to the nearest whole number.



Appendices

Appendix C

Fees Estimate

For purposes of the Fees Estimate, the average rate per hour shown for each work activity is based on a blended rate calculated as a factor of the estimated time that each grade of staff will spend on that activity and their specific charge - out rate .

Time costs to date

These are shown as the average rate per hour for each activity based on the actual time spent by each grade of staff at their specific charge - out rate.

Joint Administrators' Fees Estimate

Our Fees Estimate detailing the work that we anticipate will need to be undertaken on this case for the duration of the appointment together with estimates of the likely cost and amount of time that each part of that work will take to complete, is provided on the next page.

The work anticipated to be undertaken has been categorised by activity which we hope is self explanatory. Please also refer to our Post Appointment Strategy on pages 11 where we have talked in more detail about specific tasks on this case.

We have also separately identified and grouped those work activities that are primarily administrative in nature (including tasks required for statutory, regulatory or compliance purposes) from activities which can be seen to directly add value to the case, such as asset realisation or dealing with claims.

Time costs incurred to date

As indicated at page 16, we intend to invite creditors to fix our fees in relation to work completed on a time costs basis. An analysis showing our time costs to 25 June 2019 and the average hourly charge for each category of work undertaken is also provided in the Fees Estimate on the next page.

Please note that all partners and technical staff (including cashiers) assigned to the case record their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment is not recorded or recovered. The appropriate staff will be assigned to work on each aspect of the case based upon their seniority and experience, and having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

Time is charged in six minute increments.

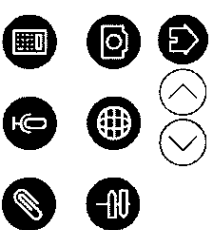


Appendices

Appendix C

Fee's Estimate

Activity	Anticipated Time and Costs per Fees Estimate				Actual Time and Costs since Appointment		
	Anticipated hours	Avg Rate £/h	Anticipated fees (£)		Hours incurred to date	Avg Rate £/h	Total time costs incurred to date (£)
Administrative activities	Cashiering	27.0	590	15,930	12.3	569	7,001
	Case supervision	42.1	637	26,800	26.9	792	21,315
	Case reviews	5.2	511	2,656	-	-	-
	Case closure matters	7.0	454	3,180	-	-	-
	Compliance & IPS diary	23.0	567	13,040	3.4	703	2,390
Statutory & compliance	Insurance	1.5	430	645	0.5	590	295
	General reporting	45.0	507	22,830	27.3	523	14,255
	Regulatory & other legislation	5.0	510	2,550	-	-	-
	Appointment matters	4.0	796	3,185	3.0	1,010	3,030
	Securing assets	21.9	678	14,848	16.7	851	14,215
Initial actions	Notifications	10.5	505	5,303	6.0	628	3,765
Investigations	CDDA reporting	7.0	530	3,710	-	-	-
	Investigations	8.5	564	4,795	-	-	-
Total of above categories	207.7	575	119,471		96.1	-	66,266
Taxation	Tax	11.7	480	5,590	-	-	-
	VAT	13.8	519	7,158	-	-	-
Asset realisations	Third party assets	6.7	668	4,475	6.5	590	3,835
	Book debts	104.9	705	73,962	38.5	791	30,435
	Chattel assets	35.0	667	24,007	34.0	627	21,320
	Other assets	4.0	650	2,600	1.5	590	885
	Property	6.6	657	4,339	2.2	714	1,570
	Retention of title	14.9	686	10,229	14.3	694	9,925
	Sale of business	83.7	747	62,512	81.0	685	55,470
	Day 1 control of trading	14.5	654	9,480	14.5	618	8,955
	Ongoing trading	17.0	679	11,543	16.5	643	10,615
	Consultation	5.5	560	3,080	2.5	590	1,475
Employees	Correspondence	136.5	465	63,473	127.3	475	60,479
	Pensions	1.8	465	837	-	-	-
	Creditors	60.6	397	24,069	41.9	475	19,868
Correspondence	Shareholders	0.1	465	47	-	-	-
	Press & media queries	3.0	995	2,985	2.0	1,010	2,020
	Preferential creditors	23.3	376	8,755	-	-	-
Distributions	Unsecured creditors	37.7	306	11,555	2.0	350	700
Total fees estimate	788.9	571	450,164		480.7	611	293,818



Appendices

Appendix D

Disbursements

These are costs and expenses initially paid by us and for which we will seek reimbursement as and when funds permit.

We estimate that the following disbursements are likely to be incurred in relation to the administration.

Category 1 disbursements

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

Our estimate of Category 1 disbursements is given below, all figures are shown excluding VAT.

Category 1 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid
Accommodation	1,000	727	-	727
Travel	750	670	-	670
Telephone	50	20	-	20
Subsistence	100	64	-	64
Case Bond	230	230	-	230
Total disbursements	2,130	1,712	-	1,712

Category 2 disbursements

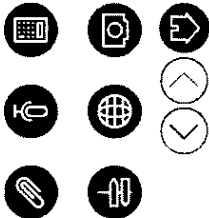
These are costs and expenses which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs. Specific approval is required before these costs and expenses can to be drawn from the administration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

Our estimate of Category 2 disbursements is given below, all figures are shown exclusive of VAT.

Category 2 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid
Mileage	100	61	-	61
Total disbursements	100	61	-	61

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



Appendices

Appendix E

Joint Administrators' Proposals

We are required in accordance with paragraph 51 of Schedule B1 of the Insolvency Act 1986 to seek a decision from creditors on the following matters:

1. Approval of our Proposals.
2. Whether a creditors' committee should be established.
3. Approval that the basis of the Joint Administrators' remuneration shall be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the administration, plus VAT.
4. Approval that the Joint Administrators' category 1 disbursements and expenses and category 2 disbursements in respect of mileage (as detailed on page 26) be approved and the Joint Administrators be authorised to draw both category 1 and category 2 expenses, (plus VAT where applicable) from the administration estate.
5. Approval that the Joint Administrators' pre administration fees and expenses, of £12,420 (as detailed on page 18) be approved and that the Joint Administrators be authorised to draw their pre-administration fees and expenses, plus VAT, from the administration estate.
6. Approval that the Joint Administrators be discharged from liability per paragraph 98 of Schedule B1 of the Act immediately upon the registration of the Joint Administrators' final progress report by the Registrar of Companies.

Deemed Consent – Approval of the Joint Administrators' Proposals

We intend to seek approval of our Proposals (Matter 1 in the column opposite) using the deemed consent procedure. This means that unless you wish to object to our Proposals you do not need to take any action. If you do wish to object, you must notify us of your objection before 23.59 hours on 16 July 2019. For further details, please refer to the Notice of Decision to be held by Deemed Consent which has been uploaded to the case website at www.jps-docs.com for viewing and download.

Creditors' Decision Procedure – to be held by correspondence – fixing the basis of our remuneration and other matters

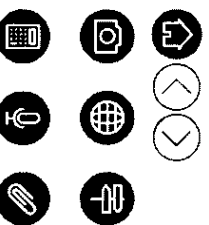
We are also asking creditors to decide on the other matters (numbers 2 to 6 in the opposite column) and which we are required to do using a creditors' decision procedure, that is, a procedure which enables creditors to vote for or against the matters under consideration. We propose to do this by correspondence as detailed in the Notice on ADM_F3 which is also available on the website at www.jps-docs.com for viewing and download.

As we are asking creditors to fix the basis on which our fees and expenses are to be paid, a Fees Estimate together with details of the expenses that have been or are likely to be incurred has been included within our Proposals for your information. A copy of "A Creditors' Guide to Administrator's Fees" has also been placed on the website together with Frequently Asked Questions about decision procedures in insolvency proceedings.

Please note that in the event that a creditors' committee is formed, specific approval for resolutions 2, 3, 4, 5 and 6 as shown in the opposite column will be requested from the creditors' committee.

Decision Date

In order to be counted your votes must be received before 23.59 hours on 16 July 2019.



Appendices

Important notice

Important Notice

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

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

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

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

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

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