

The Insolvency Act 1986

Administrator's progress report

Name of Company

Highspec Comms Civils Limited

Company number

04514800

In the
High Court of Justice Chancery Division
Birmingham District Registry

(full name of court)

Court case number
8182 of 2010(a) Insert full
name(s) and
address(es) of
administrator(s)We (a)
Paul Finnity
RSM Tenon Recovery
1 New Park Place
Pride Park
Derby
DE24 8DZJohn-Paul O'Hara
RSM Tenon Recovery
5 Ridge House
Ridge House Drive
Festival Park
Stoke On Trent
ST1 5SJ

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

From

(b) 19 April 2010

To

(b) 18 October 2010

(b) Insert date

Signed

Joint Administrators

Dated

16/1/10

WEDNESDAY



A05

AENTPP60

17/11/2010

353

COMPANIES HOUSE

**Joint Administrators' Progress Report
for the period from 19 April 2010 to 18 October 2010
relating to**

**Highspec Comms Civils Limited ("the Company") – In
Administration**

Issued on: 16 November 2010

Paul Finnity and John-Paul O'Hara of RSM Tenon Recovery are the Joint Administrators of the Company and this is their report on the progress of the Administration of the Company for the period from 19 April 2010 to 18 October 2010

1. Statutory Information

Statutory information relating to the Company is attached at **Appendix I**

2. Action taken by the Joint Administrators since their appointment

On appointment the Joint Administrators took immediate steps to realise the Company's tangible assets

Also on appointment the Joint Administrators ensured that the winding-up petition presented against the Company was halted and that the costs of the petition were paid

The Joint Administrators have continued to oversee the collection, by Naismiths Limited (Construction Consultants) ("Naismiths"), of the Company's book debts, retentions and applications

In the Joint Administrators' proposals it was reported to creditors that the Company had suffered cash flow problems as a result of a dispute with its main debtor, Imtech. Since appointment the Joint Administrators have liaised with the Company director, Naismiths and the Company's lawyers, with a view to taking the dispute forward on behalf of the Company

3. Joint Administrators' receipts and payment account

Receipts

I attach a summary of my receipts and payments relating to the Company for the relevant period from 19 April 2010 to 18 October 2010 at **Appendix II**. I would comment on this account as follows

It has been previously reported to creditors that the majority of the Company's plant and machinery was sold pre-appointment at armslength either at auction or through offers received from unconnected plant dealers. It has also been reported to creditors that corporate recovery agents Robson Kay & Co Limited reviewed the disposals and confirmed that optimum value was achieved. On appointment Robson Kay & Co Limited were instructed to value the remaining assets as at 23 April 2010, which comprised motor vehicles, plant and machinery, office equipment and stock

3.1 Motor Vehicles, Plant and Machinery, Office Equipment and Stock

As previously reported an offer to purchase the remaining tangible assets was made by one of the Company directors, Sean O'Connor. The offer of £6,000 was received on 26 April and accepted on the same day upon recommendation received from Robson Kay & Co Limited. It is not known whether or not Sean O'Connor received independent advice in respect of the sale

The full amount was received by the Joint Administrators on 6 May 2010

3.2 Contract Debts

Contract debts have realised the sum of £71,586.90. As mentioned the Joint Administrators, assisted by the

Company directors and agents Naismiths Limited, are currently negotiating with Imtech, the largest debtor regarding the disputed debt owing to the Company. The Imtech debt is in excess of £800,000.

3.3 Miscellaneous Refund

Miscellaneous receipts have been received totalling £2,221.83 in respect of vehicle licensing and insurance refunds.

3.4 Sundry Receipts

The sum of £1,956.82 has been received in respect of sundry receipts, being £1,727.95 in respect of a settlement of a court case commenced prior to the appointment of Administrators and £228.87 from WNS Global Services (UK) Limited t/a Town and Country in respect of services provided to the Company.

3.5 Cash in Hand

The sum of £3,974.11 has been realised in respect of cash in hand.

3.6 Non Domestic Rates Refund

The sum of £616.35 has been received in respect of a rates refund.

Payments

The sum of £2,329.95 was paid to Jeffrey Green Russell Solicitors, which represents payment of the costs of the winding-up petition presented against the Company.

The sum of £1,400 has been paid to ERA Solutions, employment agents instructed by the Joint Administrators to deal with the claims of employees.

The sum of £3,005 has been paid to Robson Kay & Co Limited for advice and services rendered in connection with the valuation of the assets sold both pre and post appointment.

The sum of £5,000 has been paid to Naismiths Limited, for services rendered in connection with the review and realisation of the book debts and retentions.

4. Joint Administrators' Proposals

I can confirm that at the meeting of creditors held by correspondence on 27 May 2010 the Joint Administrators' proposals for achieving the purpose of the Administration were approved by creditors.

5. Future Actions of the Joint Administrators

The only remaining asset to realise is the Company contract debts, collection of which is ongoing. Given that the largest contract debt is in dispute and the general uncertain nature of recovery of construction contracts, it is not known at this stage whether or not the secured creditor will receive a distribution under its floating charge.

It is anticipated that the preferential creditor will be paid in full.

As previously advised, the Company's financial position means it has insufficient assets to pay a dividend to unsecured creditors, although I may be in a position to make a distribution from the prescribed part. Again the level of any distribution will be dependent on the realisation of the contract debts and the agreement of creditor claims.

The Administration will continue (subject to the statutory provisions relating to automatic termination) until all realisable contract debts of the Company have been realised and all liabilities incurred during the Administration have been discharged or until such a time as deemed appropriate by the Administrators. At this stage the Company will be dissolved or placed into Liquidation. If necessary, the Joint Administrators may propose to seek an extension of their appointment as Administrators from the creditors and/or the Court pursuant to paragraph 76 of Schedule B1 to the Act.

6. Joint Administrators' Remuneration and Expenses

As a result of the approval of the proposals at the initial meeting of creditors, my fees have been approved on the basis of the time properly spent by me and my staff in dealing with matters relating to the Administration of the Company, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time it was undertaken.

To 18 October 2010, my time costs amount to £56,422.43 representing 235.28 hours work at an average charge out rate of £239.81, and I have drawn remuneration of £25,000.

Appendix III contains more information about my remuneration and expenses, including an analysis of the hours worked.

Please go to www.rsmtenon.com and click on "Creditors' Guides" if you require further information relating to Administrator's Remuneration. Alternatively a copy is available free of charge upon request from the address below.

below



Paul Finitty

Joint Administrator

Licensed in the United Kingdom to act as an insolvency practitioner by [licensing body]

Appendix I

Company Information

Company Name	Highspec Comms Civils Limited
Company Number	04514800
Date of Incorporation	20 August, 2002
Trading Address	Unit 2 Bordesley Hall, Farm Barns, Storage Lane, Alvechurch, Worcestershire, B48 7ES
Current Registered Office	c/o RSM Tenon Recovery, 1 New Park Place, Pride Park, Derby, DE24 8DZ
Former Registered Office	Unit 2 Bordesley Hall, Farm Barns, Storage Lane, Alvechurch, Worcestershire, B48 7ES
Principal Trading Activity	Construction of buildings and civil engineering

Appointment details

Date of Appointment	19 April, 2010
Appointment made by	QFCH
Court Name and Reference	High Court of Justice Chancery Division Birmingham District Registry No 8182 of 2010
Administrators Appointed	Paul Finnity IP Number 8768 John-Paul O'Hara IP Number 9621

Officers of the company

Directors	Name Sean William O'Connor Paul Trevor Norton Christopher Peter Lavery	Shareholding 100
Company Secretary	Sean William O'Connor	

Share Capital

Authorised	Allotted, called up and fully paid
100 ordinary shares £1 each	100 ordinary shares of £1 each

Charges

Debenture dated 28 december 2005 in favour of The Governor and Company of the Bank of Scotland plc

Appendix II

Highspec Comms Civils Limited
(In Administration)

Joint Administrators' Abstract of Receipts & Payments
To 18/10/2010

S of A £		£	£
	SECURED CREDITORS		
(266,000 00)	The Bank of Scotland	NIL	NIL
	HIRE PURCHASE		
28,950 00	Motor Vehicle	NIL	
(30,999 00)	ING Lease (UK) Limited	NIL	NIL
	ASSET REALISATIONS		
4,000 00	Plant & Machinery	3,234 36	
675 00	Office Equipment	675 00	
1,250 00	Motor Vehicles	1,250 00	
900 00	Stock	900 00	
107,000 00	Contract Debts	71,586 90	
	Miscellaneous Refund	2,221 83	
NIL	Debtors Contribution	NIL	
	Sundry Receipt	1,956 82	
	Cash In Hand	3,794 11	
	Non-Domestic Rates Refund	616 35	86,235 37
	COST OF REALISATIONS		
	Petitioners Costs	2,329 95	
	Specific Bond	528 00	
	Office Holders Fees	25,000 00	
	ERA	1,400 00	
	Agents/Valuers Fees	3,005 00	
	Debt Collection Costs	5,000 00	
	Accountants fees	3,250 00	
	Statutory Advertising	151 20	
	Bank Charges	21 70	(40,685 85)
	PREFERENTIAL CREDITORS		
(800 00)	Employees - Arrears of Wages	NIL	NIL
	UNSECURED CREDITORS		
(1,234,237 00)	Trade & Expense Creditors	NIL	
(358,000 00)	HMRC PAYE/NI/CIS	NIL	
(33,000 00)	HMRC VAT	NIL	
(40,000 00)	Directors' Loan Account	NIL	
(84,301 87)	Employees	NIL	NIL
	DISTRIBUTIONS		
(100 00)	Ordinary Shareholders	NIL	NIL
(1,904,662 87)			45,549.52

Highspec Comms Civils Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments
To 18/10/2010

S of A £	£	£
REPRESENTED BY		
Vat Receivable		568 75
Interest Bearing Current Account		43,658 43
Vat Payable		(3,675 00)
Vat Control Account		4,997 34
		<hr/>
		45,549.52
		<hr/>

Appendix III

Information relating to Liquidators' Remuneration

Office Holder Remuneration

Case Name	Highspec Comms Civils Limited	
Court	Birmingham High Court of Justice	
Court reference	8182 of 2010	
Office Holders	Paul Finnity and	IP Number 8768
	John-Paul O'Hara	IP Number 9621
Firm	RSM Tenon Recovery	
Address	1 New Park Place, Pride Park, Derby, DE24 8DZ	
Type of Appointment	Joint Administration	
Date of Appointment	19 April 2010	

1. Overview of Case

1.1 Appointment

We were appointed Joint Administrators on 19 April 2010 by The Governor and Company of the Bank of Scotland plc

1.2 Strategy

Given that the Company could not be rescued as a going concern, the strategy for the Administration was to achieve a better result for the Company's creditors than would be achieved should the Company be wound up

1.3 Staffing

Wherever possible work has been undertaken by Assistants and Support staff. However given the complexities of the Administration, in particular the dispute with the Company's largest debtor, involvement of Director and Senior Management level staff has been necessary. Similarly it has been necessary to involve collection agents for the recovery of the contract debts.

1.4 Existing fee arrangements

At the initial meeting of creditors dated 27 May 2010, it was agreed that the Joint Administrators fees be approved on the basis of time properly spent by the Joint Administrators and their staff in dealing with matters relating to the Administration of the Company, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time it was undertaken.

1.5 Anticipated return to creditors

The only remaining asset to realise is the Company contract debts, collection of which is ongoing. Given that the largest contract debt is in dispute and the general uncertain nature of recovery of construction contracts, it is not known at this stage whether or not the secured creditor will be paid a dividend.

It is anticipated that the preferential creditor will be paid in full

As previously advised, the Company's financial position means it has insufficient assets to pay a dividend to unsecured creditors, although I may be in a position to make a distribution from the prescribed part. Again this will be dependent on the realisation of the contract debts and the agreement of creditor claims

2 Explanation of office-holders charging and disbursement recovery policies

2 1 Time recording

Time properly incurred on cases is charged to the assignment at the hourly rate prevailing at the time

The current hourly charge out rates are outlined below

	£
Director and licensed Insolvency Practitioners	395
Associate Director and licensed Insolvency Practitioners	340
Senior Manager	285
Senior Administrator	160
Administrator	145
Junior Administrator	95
Cashier	145
Secretarial	100

2 2 Disbursement recovery

Certain costs may be incurred in relation to a case and in the first instance, paid by RSM Tenon Recovery, and then recharged to the case. The amount recharged is the exact amount incurred. Examples are statutory bond, statutory advertising, land registry searches, insurance, travel and subsistence.

Other costs which may be charged to the case are room hire for meetings held at offices of RSM Tenon Recovery and the cost of sending out our reports to creditors, if material. The costs recharged are based upon the actual cost of the materials used or the costs which would have been incurred if that service had been sourced externally.

The current level of costs recharged are detailed below

Room hire	£50 00
Envelope	4 2p
Paper (photocopies per sheet)	0 718p
Postage	first class
Storage	£2 50 initial cost per box £1 00 per box per month £2 00 per box destroyed
Travel (per mile)	40p

3. Description of work carried out

Section 2 of this appendix outlines the time costs to date in relation to activities undertaken during this matter. These matters can be summarised as follows:

3.1 Administration and planning

The following activities have been undertaken:

- > Statutory duties associated with the appointment including the filing of relevant notices,
- > Notification of the appointment to creditors, members, employees and other interested parties,
- > Setting up case files,
- > Reviewing available information to determine appropriate strategy,
- > Setting up and maintaining bank accounts,
- > 6 monthly progress review of the case

Staff of different levels were involved in the above activities depending upon the experience required.

3.2 Investigations

The time spent comprises:

- > Corresponding with the former directors and management,
- > Review of questionnaires and comments provided by creditors,
- > Review of company documentation, and
- > Completion of statutory returns to the Department of Trade and Industry

Due to the complex nature and importance of the investigations, the staff utilised to conduct such work involved experienced members of staff.

3.3 Realisation of assets

Creditors should consult more particularly section 3 of the report entitled "*Joint Administrators' receipts and payments accounts*" for full details of realisations. However a summary is provided below:

	£
Plant & Machinery	3,234 36
Office Equipment	675 00
Motor Vehicles	1,250 00
Stock	900 00
Contract Debts	71,586 90
Miscellaneous Refund	2,221 83
Sundry Receipts	1,956 82
Cash in Hand	3,974 11
Non Domestic Rates Refund	616 35

- (i) ***Motor Vehicles, Plant and Machinery, Office Equipment and Stock***
The sale of the plant and machinery to the Company director at an early stage in the Administration required involvement of Director and Senior Management level staff. Some work was undertaken by Assistant and Support staff where possible.
- (ii) ***Contract debts***
Because of the difficulties in recovering the contract debts, Director and Senior Management level staff have been involved, along with third party collection agents.

4. Time and chargeout summary

To date a total of 235 28 hours have been spent at an average charge out rate of £239 81 bringing the total cost to date to £56,422 43 In accordance with a resolution passed by creditors £25,000 00 has been drawn to date

A summary table is attached

5. Disbursements

5.1. Category 1

Category 1 disbursements incurred are outlined below

	£
Specific Bond	528 00
ERA	1,400 00
Robson Kay & Co	3,005 00
Naismiths	5,000 00
Statutory Advertising	151 20

4 1 Category 2

No category 2 disbursements have been charged to this matter

Tenon SIP9 Report

19/04/2010 to 18/10/2010

5013257 Highspec Comms Civils Limited Highspec Comms Civils Limited

	Director & Assoc Director	Senior Manager & Supervisor	Other Senior Professional	Assistants & Support Staff	Total Hours	WIP Charged	Avg Rate
Administration and planning	5 00	31 92	0 00	113 75	150 67	27,976 58	185 68
Creditors	14 00	0 75	0 00	11 42	26 17	7,566 68	289 14
Investigations	0 00	0 50	0 00	2 50	3 00	542 50	180 83
Realisation of Assets	48 50	1 25	0 00	5 17	54 92	20,336 67	370 30
Unspecified	0 53	0 00	0 00	0 00	0 53	73 94	139 51
Total WIP Charged	26,736 44	9,497 50	0 00	20,262 43		56,496 37	
Total Hours	68.03	34 42	0 00	132 83	235 28		

Note that 'unspecified' normally refers to disbursement WIP