

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company
Integrated Effluent Solutions Ltd

Company number
04602364

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

Court case number 8064 of 2017

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

I/We (a)
Lisa Jane Hogg
Wilson Field Limited
The Manor House
260 Ecclesall Road South
Sheffield
S11 9PS

Emma Bower
Wilson Field Limited
The Manor House
260 Ecclesall Road South
Sheffield
S11 9PS

*Delete as
applicable

attach a copy of *my/our proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

(b) 24 March 2017

Signed


Joint / Administrator(s)

Dated

24 march 2017

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 will be visible to researchers of the public record

Lisa Jane Hogg
Wilson Field Limited
The Manor House
260 Ecclesall Road South
Sheffield
S11 9PS

DX Number

01142356780
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



A34 30/03/2017 #312
COMPANIES HOUSE

THURSDAY

**In the High Court of Justice
Chancery Division
Birmingham District Registry
Court Number 8064 of 2017**

In the matter of

**Integrated Effluent Solutions Ltd
("the Company")**

and

**In the matter of the Insolvency Act 1986
as amended by the Enterprise Act 2002**

Statement of Joint Administrators Proposals ("the Proposals")

**Pursuant to paragraph 49 of Schedule B1 of the
Insolvency Act 1986 as applied by section 248
of the Enterprise Act 2002**

The Company

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1. Introduction

The Proposals are made pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 ("the Act").

Paragraph 49(2) of Schedule B1 to the Act requires this statement to deal with the matters set out in Rule 2.33(2) of the Insolvency (Amendment) Rules 2010 ("the Rules").

A copy of the Proposals have been sent to;

- the Registrar of Companies;
- every creditor of the Company whose claim and address the Joint Administrators are aware of;
- every member of the Company whose address the Joint Administrators are aware of.

It is considered that the EC Regulation on Insolvency Proceedings 2000 will apply and that these proceedings will be main proceedings as defined in Article 3 of the EC Regulation. The Company is based in the United Kingdom.

The purpose of an Administration is to achieve one of the following hierarchical objectives;

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

2. Statutory Information

Company name:	Integrated Effluent Solutions Ltd	
Registered address:	Unit 2 Boldon Court Burford Way Boldon Business Park Boldon Colliery NE35 9PY	
Former registered address:	Unit 2 Boldon Court Burford Way Boldon Business Park Boldon Colliery NE35 9PY	
Other trading names of the Company:	n/a	
Company number:	04602364	
Date of incorporation:	27 November 2002	
Objects:	Water Collection, Treatment and Supply	
Authorised share capital:	600 £1 ordinary shares	
Issued share capital:	240 £1 ordinary shares 60 £1 ordinary A shares	
Shareholders:	Name	Amount
	Mr Andrew Dargue	240 £1 ordinary shares 30 £1 ordinary A shares
	Mr Jonathon Dargue	30 £1 ordinary A shares
Debenture holder:	<p>Lloyds TSB Commercial Finance Limited holds a debenture incorporating fixed and floating charges that was created on 25 March 2010</p> <p>Lloyds TSB Bank PLC holds a debenture incorporating fixed and floating charges that was created on 2 July 2010</p> <p>Lloyds TSB Commercial Finance Limited holds a debenture incorporating fixed and floating charges created on 18 July 2012</p>	
Director:	Name	Appointed
	Mr Andrew Dargue	27 November 2002
Company Secretary:	None appointed	

3. Court Details and information relating to the Joint Administrators appointment

The High Court of Justice, Chancery Division, Birmingham District Registry, is the Court seized of the Administration proceedings. The Court reference number is 8064 of 2017.

Following a review of the Company's affairs, it was concluded that a notice of intention to appoint Administrators ("NOI") should be filed in respect of the Company. An NOI was filed on 21 February 2017. As a sale had been completed within the timeframe required a second NOI was filed on 7 March 2017. Further details regarding the work completed during the pre-appointment period is detailed at section 4 below.

On 17 March 2017 the director filed a notice of appointment of an Administrator pursuant to paragraph 22 of Schedule B1 of the Act.

Lisa Jane Hogg and Emma Bower are Insolvency Practitioners licensed by The Institute of Chartered Accountants in England and Wales ("ICAEW").

The Joint Administrators considered the position prior to accepting the appointment, and having regard to their ethical guidelines, considered that there were no circumstances preventing them from accepting the appointment.

Lisa Jane Hogg and Emma Bower of Wilson Field, The Manor House, 260 Ecclesall Road South, Sheffield, S11 9PS were appointed Joint Administrators of the Company.

In accordance with paragraph 100(2) of Schedule B1 of the Act both of the Joint Administrators may exercise any or all of the functions of the Joint Administrators jointly or alone.

4. The Joint Administrators' report to creditors on the pre-packaged sale of the business and assets of the Company pursuant to SIP 16

On 17 March 2017, Lisa Jane Hogg and Emma Bower of Wilson Field Limited ("Wilson Field") were appointed as Joint Administrators of the Company.

On the same date, the business and assets of the Company were sold to International Effluent Solutions Limited ("International"), (company number 08279627) via a pre-packaged administration sale.

Where a sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an Administrator and the Administrator effects the sale immediately on, or shortly after appointment, this is known as a pre-packaged sale.

In this case, the Administrator considered a pre-packaged sale to be necessary because:-

- An Administration and pre-packaged sale would result in better realisations from the sale of the Company's assets than would otherwise be achieved if the Company was placed into Liquidation and the assets were removed from site and sold via auction;
- Debtor realisations following a pre-packaged Administration would be higher than those achievable in Liquidation as the impact of the insolvency on the Company's customers would be lower;
- The pre-packaged Administration would enable the Company's employees to be transferred to a purchaser, thereby avoiding redundancy costs that would be incurred if the Company were to enter Liquidation;
- A pre-packaged sale would enable the purchaser to occupy the Company's premises under licence from the Administrators with a view to entering into a new lease with the landlord. This would avoid the loss of rent that the Landlord would suffer if the Company ceased trading upon entering Liquidation.

Prior to the appointment of an Administrator, an insolvency practitioner may act in an advisory capacity to the company. During this time the insolvency practitioner's role is not to advise the directors personally or any parties connected with any eventual purchaser of the company's business or assets. It is also possible that a different insolvency practitioner may be the eventual Administrator and not the insolvency practitioner who provided the advice to the company before any formal appointment was made.

The role of an Administrator once the company has entered Administration is for him to perform his functions with the objective of either rescuing the company as a going concern or achieving a better result for the company's creditors as a whole than would be likely if the company were wound up rather than being placed into Administration first, the third objective of realising property in order to make a distribution to one or more secured or preferential creditors of the company may be pursued, providing the Administrator avoids unnecessarily harming the interests of the creditors as a whole.

Set out below is further information containing a summary of the circumstances relevant to the pre-packaged sale of the Company's business and assets to International in accordance with the provisions

of Statement of Insolvency Practice 16. In agreeing to the pre-packaged sale, I can confirm that I have considered the purpose of the Administration and the fulfilment of my statutory obligations to creditors under Paragraphs 3(2) and 3(4) of Schedule B1 to the Insolvency Act 1986.

Background

The Company was incorporated in November 2002 and traded as a provider of industrial wastewater treatment systems for a variety of clients in manufacturing and service industries. The Company developed water treatment systems for clients to allow them to process wastewater safely at their own premises.

In 2005, the Company was approached by a client requiring the treatment of sulphate in water. Considerable research was undertaken by the Company on this project and a government research grant was awarded to the Company for developing sulphate processing technology. The sulphate treatment technology was trialled in 2007 and the first order was received in 2008. Following the development of this patented technology, the Company received orders from large, multinational companies.

In 2013, one particular order for plant installation was passed to a subcontractor. The subcontractor subsequently started legal action for the non-payment of invoices in December 2013. The legal dispute had an adverse effect on business and the resources required to deal with the dispute resulted in a decrease in revenue over the next three years. The legal dispute was settled in 2016 in favour of the Company, however costs totalling £160,000 were incurred.

At the same time, one major client commissioned an effluent plant in Kenya. The customer decided not to test the plant in the UK and to ship it out directly to Kenya. This resulted in a large increase in costs and led to difficulties in completing this particular job.

The Company suffered a bad debt of £70,000 in mid-2016 and in late 2016 errors in the Company's VAT returns were discovered resulting in an additional VAT debt of £105,363 which the Company was unable to pay. Accordingly the Company entered into a time to pay agreement with HM Revenue & Customs ("HMRC") and made use of trade credit where possible.

Following on from this, three large projects failed to materialise in early 2017, causing an unexpected fall in revenues. As a result of the Company's financial difficulties, the factoring provider, Lloyds TSB Commercial Finance Limited ("LTSBCF") terminated the factoring agreement. The Company had used all available funds in its overdraft facility and had minimal funds with which it could continue to trade.

Initial introduction

In February 2017 the director sought the advice of Continuum Corporate Lawyers LLP who referred the director to Neil Jeeves of Wilson Field Limited ("Wilson Field"), on 13 February 2017.

The Joint Administrators believe that there is no significant professional relationship between the Company and Wilson Field. Wilson Field's only prior professional relationship with the Company

consisted of advising the Company prior to the Administration on its financial position, the options available to it, the process of the Joint Administrators' appointment and negotiating the sale of the Company's business and assets during the period immediately prior to their appointment.

The Joint Administrators carried out the appropriate conflict review prior to accepting the appointment and concluded that the professional relationship that existed between the Company and Wilson Field did not give rise to a threat to the fundamental principles of independence or objectivity. Wilson Field were formally engaged by the Company on 15 February 2017.

Creditors should be aware of the differing roles Insolvency Practitioners play where a pre-packaged sale of a company's business and assets is agreed. Prior to appointment, the Insolvency Practitioners are instructed to advise the company on its financial position, the most appropriate insolvency route available and its obligations to minimise the loss to creditors.

It should be noted that the Insolvency Practitioners' role is not to advise the directors of the company, who have been encouraged to take independent advice.

On appointment, the Administrator acts as agent of the company and will manage the company's affairs, business and assets for the benefit of creditors as a whole throughout the period of the Administration.

Pre-appointment considerations

On 13 February 2017, the director met with Neil Jeeves, an employee of Wilson Field, to discuss the insolvency options available to the Company. At the time, it was considered that the best course of action for the Company was Administration and a going concern sale of the Company's business and assets however agents needed to be instructed to confirm the position.

Following this, Kumar & Co Limited, ("K&C"), a firm of RICS registered and regulated valuers, were instructed to attend the Company premises to value and provide advice on the best form of disposal for the Company assets and business.

Following a visit to the Company premises, K&C confirmed that greater value would be achieved in a going concern sale and provided a marketing strategy, which is discussed in further detail within this report.

In order to allow for the marketing of the business, and to provide the Company with an interim moratorium to protect it from enforcement action by creditors, one of whom had issued a statutory demand against the Company, a notice of intention to appoint Administrators ("NOI") was filed on 21 February 2017.

Following the conclusion of a period of marketing, an offer to purchase the business as a going concern was submitted by International on 2 March 2017. Negotiations ensued as to the terms of the offer and whilst these remained ongoing contact was made with the Company's largest unsecured creditor, KC Controls Services LLP ("KC"). KC expressed an interest in purchasing the assets of the Company and in order for this new interest to be explored the decision was taken to file a further NOI. Following receipt

of the sales particulars, KC confirmed they had no interest in the business or assets and would not be submitting any offer.

Following a letter of recommendation from the K&C, solicitors were instructed to prepare a sale and purchase agreement ("SPA"). Negotiations on agreeing the finalised SPA ensued between solicitors acting on behalf of the proposed Administrators and International. As it was anticipated this would be agreed before the qualifying notice period to the Company's chargeholders had expired, the proposed Joint Administrators contacted LTSBCF and Lloyds Bank plc ("Lloyds"), the secured creditors of the Company, to request their consent to waiving the five business day notice period. Neither secured creditor provided consent and the notice period was therefore allowed to lapse. Solicitors confirmed that, without this waiver, the earliest appointment could be sought was Friday 17 March 2017.

Lisa Hogg and Emma Bower were appointed Joint Administrators of the Company on 17 March 2017 at 1.35pm.

The following courses of alternative action were considered with management prior to the Joint Administrators' appointment and the pre-packaged sale:-

Company voluntary arrangement ("CVA")

A CVA was discussed with the director. As a result of the freezing of the factoring facility and the fact that the overdraft was at its limit, the Company had access to minimal working capital and could not continue to trade for the length of time required to prepare proposals for a CVA. In addition, pressure from creditors was high, a statutory demand was issued against the Company in late February and utility providers were threatening to cut off supply. In light of this it was unlikely that creditors would have been supportive of a CVA.

Liquidation and subsequent forced sale of the Company's assets

Creditors Voluntary Liquidation and Compulsory Liquidation, were not considered to be appropriate as it would result in increased losses suffered by creditors overall. The Company's employees would be made redundant upon the Liquidators' appointment thereby incurring redundancy costs estimated at £35,716. Conversely, the transfer of the Company's employees to a purchaser via a pre-packaged Administration sale has mitigated the losses suffered by the employees and preserved the jobs of the Company's four employees.

Liquidation and cessation of trade would also increase the losses suffered by the landlord, who would lose a tenant and would hold a claim in the Liquidation for loss of rent. If the Company's premises had remained vacant for a period of twelve months, additional losses of approximately £45,000 would be suffered by the landlord for lost rental income.

Liquidation was also likely to have adversely affected the recoverable value of the Company's debtor ledger. The director advised of remedial work with a cost of £25,500 that would allow debtor payments of approximately £123,000. Owing to the unique nature of the Company's work, it is unlikely that this work could be completed by an unconnected company. In a Liquidation and sale of the assets ex-situ,

no successor business would be able to complete this work and the realisations from the Company's factored debtor ledger would be lower than the realisations achievable in an Administration, where a new company may be able to address remedial work.

The valuation of the Company's assets prepared by K&C indicated that If the tangible assets were removed and sold on breakup basis subject to a restricted marketing and disposal period, as in a Liquidation, it was likely that realisations would be lower than if the tangible and intangible assets were sold on a going concern basis, a summary of the asset values included in the report prepared by K&C is detailed below.

In addition, Compulsory Liquidation would incur further fees Secretary of State fees and a delay of approximately three months for a hearing date for the winding-up petition, this would result in a further deterioration in the value of the Company's assets. Furthermore, K&C advised that the agent's costs in Liquidation could be as much as 40% of realisations owing the additional work required to remove the assets and sell them individually via auction.

Trading the business

As detailed above, the Company's factoring facility was withdrawn in February 2017. The bank overdraft had been used in full and the Company did not have access to sufficient funding to pay for ongoing supplies including utilities and wages. In addition, there was no ongoing work to support continued trading and the Company was therefore unable to continue to trade with or without the protection of an Administration. In light of this, no requests were made to potential funders to fund continued trading.

Administration and pre-packaged sale

The proposed Joint Administrators concluded that an Administration and pre-packaged sale of the Company's business and assets was the most suitable insolvency option for the Company and its creditors for the following reasons:-

Asset values

The valuation completed by K&C indicated that realisations from the assets if sold as a whole in their working place, as would be the case in an Administration and pre-packaged sale, would be greater than those achievable if the assets were removed and sold via auction. A summary of the asset values is detailed below, the valuation indicated that £106,500 could be realised from the sale of the assets as a whole and in their working place and a value of £25,500 if the assets were removed and sold subject to a 14 day disposal period.

Employees

An Administration and pre-packaged sale of the business and assets of the Company would allow the employees to be transferred under the Transfer of Undertakings (Protection of Employment) Regulations 2006, thereby avoiding the redundancy costs estimated at £35,716 that would be incurred in Liquidation.

Landlord

In a pre-packaged Administration, a new company could occupy the premises under licence from the Joint Administrators for a short period of time and could enter into a new lease with the landlord. In a Liquidation there would be no successor company and the lost rent would form a part of the Landlord's claim in the Liquidation, resulting in higher overall losses suffered by creditors.

Goodwill and work in progress

The Company was insolvent on a cash flow and balance sheet basis and was unable to continue to trade for any significant length of time. A swift sale of the business and assets via a pre-packaged Administration would allow the value of the goodwill and work in progress to be preserved as a new company could continue the work-in-progress. Alternative insolvency proceedings would be likely to involve additional delays in a successor company being set up and could have resulted in customers seeking alternative providers elsewhere, thereby eroding the goodwill of the Company and reducing the realisable value of work-in-progress.

Consultation with creditors

The following charges are registered against the Company:

Charge in favour of	Date of Creation
Lloyds TSB Commercial Finance Limited	25 March 2010
Lloyds TSB Bank PLC	2 July 2010
Lloyds TSB Commercial Finance Limited	18 July 2012

The secured creditors, LTSBCF and Lloyds were contacted to advise of the proposed Administration and pre-packaged sale of the assets. Neither LTSBCF nor Lloyds raised any objections to the proposed course of action.

The Company's largest unsecured creditor, KC Controls Services LLP was contacted by Wilson Field on 6 March 2017 to advise of the proposed strategy. KC Controls expressed an interest in acquiring the assets which was subsequently withdrawn, they did not raise any objections to the proposed Administration and pre-packaged sale.

The business had not been acquired from an insolvency process within the last 24 months.

Pre-packaged sale of assets

Asset valuation

The proposed Joint Administrators instructed RICS qualified valuation agent Rajiv Kumar of K&C to complete a valuation of the Company's assets. K&C provided written confirmation of their independence and that they held professional indemnity insurance up to 5 million pounds for the valuation work. This

particular valuer was chosen due to his experience of dealing with valuations and sales of distressed businesses.

Valuation advice received from K&C indicated that the sale of the assets as a whole and in their working place would enable better realisations to be achieved than if the assets were sold on a removal and 14 day disposal period basis. The valuation report prepared by K&C on 28 February 2017 indicated the following asset values:-

Details of Assets	Market value as a whole in its working place (£)	Market value for removal 14 day disposal period (£)
Plant & machinery, office furniture & equipment	20,000	3,500
Intellectual property, customer list, order book	30,000	3,000
Goodwill	20,000	4,000
Work in progress	30,000	10,000
Motor vehicle	6,500	5,000
Total	106,500	25,500

Plant & machinery, office furniture & equipment

The valuation report prepared by K&C indicated that the Company had plant and machinery comprising laboratory equipment and a test plant with silos, tanks, valves, pipework and racking. The valuation report indicated that these assets would not achieve high realisations in a breakup scenario as they were made up of components assembled by the Company.

Additionally, the Company also had office equipment including printers and computers. A detailed inventory of these assets was not taken, instead the valuer included an estimate of the value of these items. The valuation report indicated a value of £20,000 for a market value as a whole and in its working place and a value of £3,500 for removal and sale on a 14 day disposal basis.

Intellectual property, customer list and order book

The Company developed a unique technique for the processing of industrial wastewater for which it holds a patent. Aside from the value of this patent, intellectual property comprises the Company's website, domain names, email address and company name. The customer list was a database of customers held electronically and the order book related to projects that had been discussed by the director with clients but had not yet been formalised.

Goodwill

The valuation of goodwill prepared by K&C included the value of goodwill was defined as the benefits incorporated in the Company's infrastructure that enabled it to service clients' needs immediately as opposed to starting a new, separate operation. The value of goodwill was calculated as a percentage of turnover with valuation reducers applied to derive values.

Work-in-progress ("WIP")

WIP was valued at £30,000 as a whole and in its working place and £10,000 for a sale following a 14 day disposal period. This is in respect of one customer contract. Whilst several other contracts existed, these were found to be in relation to work that had been completed and invoiced by the Company and the remaining work to be done consisted of remedial work, these contracts were excluded from the valuation of WIP and were not transferred as part of the sale.

The valuation basis of a market value as a whole in its working place was included on the basis that this would reflect the values that could be achievable in a pre-pack Administration sale. The market value for removal and a 14 day disposal period reflected the realisations that could be achieved if the assets were sold separately via auction, this reflects what could be realised in a Liquidation and break-up scenario. These two bases were chosen as it allowed the Insolvency Practitioners to determine whether realisations would be maximised via a going concern sale or breakup and piecemeal sale.

Motor Vehicle

The Company has one motor vehicle, a BMW hatchback registration NG11 EVV. This has a market value of £6,500 as a whole in its working place and £5,000 for removal and sale on a 14 day disposal basis.

Assets not included in the sale

Book debts

The Company's ledger of book debts was assigned to LTSBCF under a factoring agreement. Factoring statements as at the date of the Joint Administrators' appointment indicate book debts with a gross value of £81,740, and a balance of £18,748 outstanding to LTSBCF.

It should be noted that any surplus funds would be received after the deduction of further collection charges incurred by LTSBCF incurred in the collection of the remaining debts. It is not possible to estimate either the value of the LTSBCF collection / termination charges or the costs of the remedial work with any accuracy and therefore the value of the potential book debt surplus is uncertain. The Joint Administrators' estimated statement of affairs attached to this report includes a general provision of 20% applied to the value of the debtor ledger and a provision of 20% applied to the LTSBCF debt in respect of termination charges and further collection fees.

In addition to this, the director has advised of one debtor that was not funded by LTSBCF with a book value of £94,220. This debtor has been invoiced but payment not made as the customer requires remedial works to be carried out before releasing funds. The director has estimated that £65,000 will be collectable but given the nature of the works this has been estimated on the Statement of Affairs as uncertain.

The Joint Administrators intend to enter into a separate agreement with International, in order to enable this work to be completed and to ensure that the non-factored debtor payments is received. These debts would otherwise not be recoverable in a Liquidation and owing to the unique nature of the work, it is unlikely that the remedial work could be completed by an unconnected company.

Overdrawn director's loan account

The Company's financial statements for the year to 31 December 2015 indicate an overdrawn loan account with a value of £376,795 owed to the Company by the director and shareholder Andrew Dargue. In addition to this, the director has advised of additional drawings of £65,000 made in the year ended 31 December 2016. I am uncertain whether the Company had any distributable profits to allow these dividends to be paid.

The overdrawn director's loan account will be reviewed as part of the Administrators' investigations into the affairs of the Company and the Administrators will request repayment of the same. At present it is uncertain what value, if any, could be realised from this source but extensive work will be carried out to quantify and recover the asset if appropriate to do so.

Marketing

Marketing a business is an important element in ensuring that the best available consideration is obtained for it in the interests of the Company's creditors as a whole. The Administrator advised the Company prior to his appointment, that any marketing should conform to the marketing essentials set out in SIP16 which includes the following key considerations:

- The business should be marketed as widely as possible, proportionate to its nature and size in the time available using whatever media or other sources that are likely to achieve this outcome;
- Previous marketing of the business prior to the Administrator's involvement may not provide justification to avoid further marketing. The Administrator must be satisfied as to the adequacy and independence of any prior marketing undertaken by the Company;
- Marketing should have been undertaken for an appropriate length of time to satisfy the Administrator that the best outcome for creditors as a whole has been achieved;
- Any marketing attempts must by default, include the use of the internet.

The proposed Joint Administrators instructed K&C to undertake a marketing campaign appropriate for the Company, no marketing had been completed by the Company prior to this.

Marketing was undertaken during the period 23 February to 3 March 2017. A deadline of 12.00pm on 3 March 2017 was set for offers. Owing to the financial difficulties of the Company, it could not continue to trade for an extended period of time and a longer marketing period was not possible.

The marketing campaign included a listing on IP-Bid.com, a specialist website for selling insolvent businesses and distressed assets. IP-bid.com is a well-known and respected web portal used by professionals in the recovery sector to advertise distressed businesses for sale. It is monitored by

corporate finance professionals and investors. K&C recommended the use of this website as a primary advertising method.

An email advert was sent to a mailing list with 1,444 recipients who had expressed an interest in acquiring a business and a direct email was sent to the Company's top ten competitors. The general email campaign was intended to reach as many different potential purchasers as possible and the specific marketing campaign was aimed at attracting the interest of companies in the same sector, who were likely to have a knowledge of the business and were more likely to be interested in acquiring the Company's assets.

A listing was also placed on K&C's website, LinkedIn and twitter pages. These sources are monitored by parties who have dealt with K&C in the past, in previous acquisitions, and could be interested in future acquisitions.

In addition to this, the valuer considered placing an advertisement in an industry-specific publication, unfortunately, this could not be completed within the timeframe specified. The valuer also considered placing an advert on the Company's own website, it was considered however, that this would be detrimental to the goodwill of the Company.

The online marketing was used in order to reach the widest possible market proportionate to the nature and size of the business and in the time available.

The Company's largest unsecured creditor was contacted to advise of the proposed Administration and pre-packaged sale of the Company's assets to a connected party. This creditor also expressed an interest in acquiring the Company's assets and was put in contact with K&C.

The marketing campaign resulted in a total of seven expressions of interest and seven non-disclosure agreements ("NDA") being issued. A total of four NDA's were returned and these parties were issued with sales packs. Aside from the offer submitted by International, no further offers were received and none of the parties who had received sales packs expressed an interest in acquiring the business.

The proposed Administrators took advice from K&C regarding the extent of the advertising and whether any further advertisement would be worthwhile. K&C recommended that no further external marketing be undertaken, as the Company had already benefitted from significant exposure to the market and no alternative offers had been received.

On the basis of the advice from K&C, the Administrators were satisfied that the marketing had resulted in the best outcome for creditors as a whole in the circumstances. As detailed above, extended marketing was not possible owing to the financial position of the Company and the lack of offers from unconnected parties suggested that further marketing would not have led to more offers being received.

Offer and Valuer's recommendation

On 2 March 2017, International submitted an offer in the sum of £42,000 for the assets of the Company.

K&C advised that the alternative to accepting the offer submitted by International was to realise the assets by way of a disposal sale via an online auction. This would have required the occupation of the Company's premises for a period of six to eight weeks and would incur costs estimated at 25-40% of asset realisations. This option was not therefore cost-effective to pursue. They therefore recommended acceptance

Sale of assets

On 17 March 2017, the intangible and tangible assets of the Company excluding debtors and debtors with snagging work that required completion, were sold as part of a going concern sale to International, for consideration of £42,000 which was apportioned by the valuer as follows:-

Asset	Price apportionment (£)
Goodwill	5,000
Business Intellectual Property Rights	3,000
Plant and Machinery	12,500
Seller's Records	1
Stock	1,000
Motor Vehicle	5,000
Customer Contracts and the Work in Progress	14,999
Office Furniture and Equipment	500
Total	42,000

International is a connected company insofar as Andrew Dargue, director and shareholder of the Company is also the director and shareholder of International.

Andrew Dargue provided personal guarantees to Lloyds TSB Commercial Finance ("LTSBCF") and to Lloyds Bank plc ("Lloyds"), who provided funding to the Company. I am not aware that either LTSBCF or Lloyds are providing financing to International.

The sale is not part of a wider transaction and does not impact on any related companies.

The Company granted fixed and floating charges to LTSBCF and to Lloyds. At the date of the Joint Administrators' appointment, LTSBCF have a prior ranking fixed and floating charge. It is anticipated that the debt owed to LTSBCF will be repaid in full from factored book debt collections and that the assets sold to International will be covered by the charge granted to Lloyds.

Upon initial review it appears that the goodwill is covered by a fixed charge granted to Lloyds, it is likely that the charge over the remainder of the assets sold will be classified as a floating charge. The Administrators will obtain the original charge documents and to obtain legal advice on the validity of the charges. Whilst it is currently anticipated that a distribution will be paid to Lloyds under the terms of the fixed charge, it is not anticipated that a distribution will be made under the terms of the floating charge.

Consideration for the transaction is deferred as follows:-

Date	Amount (£)
On completion	5,000.01
Nine monthly instalments of £4,111.11 (1 April to 1 December 2017)	36,999.99
Total	42,000.00

The proposed Joint Administrators considered that the offer of deferred payments was a better option for the Company's creditors as opposed to removing the Company's assets and selling them via auction. Although an auction would have resulted in a guaranteed level of realisations higher than the funds due on completion, funds realised would have only been sufficient to discharge costs of sale and the Administrators' fees and no distribution would have been possible to any class of creditor. It should also be noted that although the payments are deferred over a period of nine months, title to the assets remains with the Company until the sale proceeds are received in full. The Joint Administrators therefore reserve the right to recover the assets at a later date and sell them via auction should the purchaser default on payments. The deferred payments have also been personally guaranteed by Andrew Dargue and the receipt of the full consideration will enable a distribution to be paid to the secured creditor, Lloyds.

In addition to the cash consideration, International agreed to pay additional, contingent consideration of 15% of annual profits if the level of profit exceeded £300,000 in the twelve months following completion. International is to provide the Administrators with monthly management accounts within 30 days of the end of each of the twelve calendar months following the completion date in order that the profit can be monitored.

Andrew Dargue, director of the Company and of International, has provided a personal guarantee in respect of the sales consideration.

The SPA included a clause covering the onward sale of the business, which requires the purchaser to pay the Company the greater of either £50,000 or 50% of the difference between the amount paid for the Company's assets and the amount received from the onward sale, if sold within twelve months following completion.

The sale agreement also included a clause specifying that title to the assets sold does not transfer to the purchaser until the last payment due under the terms of the agreement has been paid in full to the Administrators. This will allow the Administrators to recover the Company's assets should the purchaser default on payments.

As part of the sale agreement, it was agreed that the Company's name be changed to IES Realisations Limited, to enable the purchaser to use the trading style of 'Integrated Effluent Solutions Limited'.

The sale is not part of a wider transaction and no assets are subject to a buy back agreement.

The Administrators are satisfied that the sale of the Company's assets under the terms of the pre-packaged sale has resulted in the best outcome reasonably obtainable for creditors in the circumstances. The following table provides a comparative outcome with a sale of the Company's assets in liquidation as against the outcome obtained via the pre-packaged sale:

Asset	Sale to International (£)	Removal and sale subject to 14 day marketing period (£)
Goodwill	5,000	4,000
<i>Business Intellectual Property Rights *</i>	3,000	3,000
Plant and Machinery and Office furniture and equipment **	13,000	3,500
Seller's Records	1	-
Stock	1,000	Nil
Motor Vehicle	5,000	5,000
Customer Contracts and the Work in Progress	14,999	10,000
Total	42,000	25,500

*The valuation report provided a valuation for 'Intellectual property', the offer submitted was for 'Business Intellectual Property Rights'

**The valuation report valued plant and machinery and office furniture and equipment separately, the offer submitted was made in respect of both asset categories.

In addition to the increased asset values achieved, the Administration and pre-packaged sale of the Company's assets was the best option for the Company and its creditors as it avoided redundancy costs estimated at £35,000, avoided losses suffered by the landlord as a result of the loss of a tenant and will enable a distribution to be made to the secured creditor, Lloyds. It is also likely that the existence of a new company that could complete remedial work will improve recoveries from book debt collection, compared to a Liquidation scenario where no new company would exist and the impact of the insolvency on debt collection would be larger.

Statutory purpose

An Administrator must perform their duties in order to achieve one of the following three hierarchical objectives:-

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

In this case, the Company could not be rescued as a going concern as a result of its insolvency.

Based on anticipated asset realisations the third purpose of an Administration is being pursued, as detailed above, the pre-packaged sale of the business and assets will enable a distribution to be made to the second-ranking secured creditor, Lloyds. In addition, the Administration and pre-packaged sale

is likely to result in better realisations from the Company's factored debtor ledger, it is anticipated that this will allow LTSBCF to be repaid in full from debtor collections.

In addition to this, there is also the possibility that the Joint Administrators may be able to achieve a second purpose, that being achieving a better result for the Company's creditors. Creditors will note that the Statement of Affairs shows uncertain realisations for the overdrawn director's loan account and the trade debtors not factored by LTSBCF. Depending on what realisations are made in this regard, a distribution to unsecured creditors may be available.

Connected Party transactions

Where there are connections between an insolvent company and the purchasing entity, the purchaser meets the definition of a "connected party" and following recommendations made to The Department for Business, Innovation & Skills about pre-packaged sales to connected parties, it was felt that some of the concerns expressed about such transactions in the context of insolvency, may be overcome by having an independent party review the proposed sale and offer an opinion on the appropriateness of the grounds for the sale. This may provide reassurance to creditors that an independent person has considered the reasonableness of the proposed transaction.

As the transaction meets the definition of a connected party sale, the transaction is eligible for review by the Pre-Pack Pool (**the Pool**). The pool is an independent body of experienced business people and has been set up in response to a series of recommendations contained in an independent review of pre-packaged sales in administrations. A Pool member will offer an opinion on the purchase of a business and/or its assets by a party connected to a company where a pre-packaged sale is proposed by an Administrator.

The Pool, through its members, operates only to review and opine on applications made voluntarily by connected parties. Further information on the work of the Pool can be found in the 'Questions and Answers about the Pre-Pack Pool' document on the Pool's website at www.prepackpool.co.uk International was aware of their ability to approach the Pool, and the potential for enhanced stakeholder confidence from the connected party approaching the Pool, and preparing a viability statement for the purchasing entity. In this case, the Pool has not been approached by the connected party.

Viability statement

A viability review can be drawn up by a connected party wishing to make a pre-packaged purchase. The review should cover the greater of 12 months or the period over which any consideration is to be deferred in order to demonstrate how the purchasing entity will survive for this period from the date of the proposed purchase.

As Administrator, I requested that the connected party provide me with a copy of their viability statement. A full viability statement was not provided however a cash flow forecast covering the next eleven months of trading was provided by International. The cash flow forecast suggested that with the assistance funding provided by an investor, the new business was viable and could meet the deferred consideration payments, whilst maintaining payments to its creditors.

Financial Information

Period	Year Ended 31 December 2015 (£)	Year ended 31 December 2014 (£)	Abbreviated Year ended 31 December 2013 (£)
Turnover	1,410,253	962,222	
Cost of sales	(613,336)	(591,952)	
Gross profit	526,917	370,270	
Administrative expenses	(397,933)	(329,164)	
Operating profit	128,984	41,106	
Interest receivable and similar income	12,408	-	
Interest payable and similar charges	(12,245)	(23,107)	
Profit on ordinary activities before taxation	129,147	17,999	
Tax on profit on ordinary activities	(11,185)	832	
Profit for the financial year	117,962	18,831	
Fixed assets			
Intangible assets	68,196	76,636	79,083
Tangible assets	41,148	45,604	52,800
	109,344	122,240	
Current assets			
Stocks	55,063	12,658	8,763
Debtors	692,741	644,714	487,616
Cash at bank and in hand	45	45	5,285
	747,849	657,417	501,664
Creditors: amounts falling due within one year	(778,006)	(698,980)	552,503
Net current liabilities	(30,157)	(41,563)	(50,839)
Total assets less current liabilities	79,187	80,677	81,044
Creditors: amounts falling due after more than one year	(26,626)	(42,638)	(61,004)
Provision for liabilities			(7,189)
Deferred tax	(7,917)	(6,357)	
Net assets	44,644	31,682	12,851
Capital and reserves			
Called up share capital	300	300	300
Capital redemption reserve	1	1	1
Profit and loss account	44,343	31,381	12,550
Shareholders' funds	44,644	31,682	12,851

The accounts for the periods 31 December 2014 and 31 December 2015 were approved by the board on 7 December 2015 and 27 June 2016 respectively.

5. Events subsequent to the appointment of the Joint Administrators

The Joint Administrators of the Company have performed their functions with the purpose of achieving one of the following hierarchical objectives;

- rescuing the Company as a going concern, or
- achieving a better result for the Company creditors as a whole than would be likely if the Company were wound up (without first being in Administration), or
- realising property in order to make a distribution to one or more secured or preferential creditors.

The first objective of Administration will not be achieved, as the Company cannot be rescued as a going concern due to the extent of its insolvency.

As detailed above, the third purpose of an Administration will be achieved as the pre-packaged sale of the business and assets of the Company will enable a distribution to be paid to the secured creditor, Lloyds.

As detailed above, there is also the possibility that the Joint Administrators may be able to achieve a second purpose, that being achieving a better result for the Company's creditors however this is entirely dependent on what realisations are made for the overdrawn director's loan account and non-factored debt.

As creditors should now be aware, the Company's business and assets were sold as part of a pre-packaged sale to International on 17 March 2017. The Joint Administrators report as follows concerning their conduct of the Administration to date: -

Progress since Appointment

Administration (including statutory compliance and reporting)

The strategy for the Administration and the majority of the work required for the realisation of the Company's assets was completed prior to appointment.

Following appointment, I have dealt with a number of statutory formalities which are required of under related legislation. Typically, this includes issuing and filing appointment notices with creditors, the Company, the Registrar of Companies, HM Revenue & Customs and advertising my appointment in the London Gazette.

In this case, a pre-packaged sale of the Company's assets and business was completed and I have prepared and issued the report on the transaction as required by SIP 16. I have also prepared and issued these proposals to creditors outlining how the purpose of the Administration will be achieved.

Other statutory duties performed are outlined in further detail in the fees estimate/fees information which can be found at Appendix D. Please note that much of this work will have been performed to comply with statutory requirements and as such may not necessary add any value to the insolvent estate.

The work undertaken by the Administrators and their staff in realising the Company's assets has been necessary in order to maximise the likelihood of a return to the secured creditors. Where assets remain to be realised, these will be dealt with as the Administration progresses and further updates will be provided to creditors in the Administrators' progress reports.

Sale of the business and assets

As previously detailed within the Proposals, and in accordance with SIP 13, the pre-packaged sale of the Company's business and assets to International completed on 17 March 2017. A summary of the assets included in the Sale and their individual values is as shown below:-

Asset	Price apportionment (£)
Goodwill	5,000
Business Intellectual Property Rights	3,000
Plant and Machinery	12,500
Seller's Records	1
Stock	1,000
Motor Vehicle	5,000
Customer Contracts and the Work in Progress	14,999
Office Furniture and Equipment	500
Total	42,000

The Sale is subject to deferred payment terms, with £5,000.01 payable upon completion, followed by 9 equal monthly instalments of £4,111.11 per month thereafter. The initial installment was received in full by NDP upon completion of the Sale.

As previously reported, the Company and International are connected by way of a common director in Mr Dargue.

As this was a prepackaged sale, there was no consultation with a creditors committee. Prior to their appointment the Joint Administrators had however liaised with the secured creditors Lloyds and LTSBCF and the major creditor, KC Controls Services LLP, to advise of the proposed strategy.

The Joint Administrators will closely monitor payment of the outstanding deferred consideration and creditors will be updated on the position of these payments in subsequent reports.

Book debts

As detailed above, upon the Joint Administrators' appointment, LTSBCF advised that the Company's book debt ledger had a balance of £81,740, with no guarantee of how much of the ledger was collectable following the Company entering Administration.

Creditors should note that the Joint Administrators agreed that LTSBCF should continue collecting the Company's book debts in the hope that this would maximise the realisations of the same, given LTSBCF's familiarity with the customer base and debtor profile.

LTSBCF advised the Joint Administrators that upon their appointment, LTSBCF's outstanding indebtedness in respect of the Company was £18,748.

One of the principal benefits of the Company entering Administration is that it provided a solid platform to maximise realisations in this respect, with Bibby realising a total of £1,308.43 to date. This equates to approximately 2% of the ledger balance upon the Joint Administrators' appointment having been realised within a week of appointment.

LTSBCF's outstanding indebtedness is therefore £17,440, the Company has advised the Joint Administrators that all of the book debts should be collectable and not provided any information that would suggest anything to the contrary.

Following on from the above creditors will note that in the Joint Administrators' estimated SOA, provisions have been applied to the factored debtor ledger to account for debts that LTSBCF may be unable to collect. Furthermore, the Joint Administrators have applied a 20 percent provision which has led the Joint Administrators to assume that LTSBCF will be able to collect £62,392 and be partially repaid.

Following on from the above provisions, the Joint Administrators believe that, should the Company be correct in stating that all the book debts are collectable then there will be a surplus of £42,894 following LTSBCF's repayment.

It should however be noted that LTSBCF have not yet advised the Joint Administrators of any termination fees they may levy as a result of the Company's Administration.

Creditors will be updated on any recoveries due to the Company in the Joint Administrators' first progress report.

In addition to the factored debtor ledger, the director has advised that there is one additional debtor which were not factored with LTSBCF which total £94,220, of which the director is uncertain what is collectable. The director is unaware of how much is collectable due to the debt currently being disputed, therefore, creditors will be updated on realisations in this respect in subsequent reports.

Overdrawn director loan account

As also previously reported, the Joint Administrators will be reviewing the position of the directors loan account as part of their investigations into the affairs of the Company. The Company has

confirmed that upon the appointment of the Joint Administrators the director's account was overdrawn by £441,795.

Creditors will be updated in subsequent progress reports on any realisations in this regards.

Retention of Title ("ROT")

Upon receiving K&C valuation the proposed Joint Administrators were not made aware of any stock or tangible assets that are subject to ROT.

Creditors should note, should it become apparent that the Company is in possession of any tangible assets subject to ROT then these assets will not been included within the Sale to Fusion.

Therefore, should any creditor believe they have a claim in respect of ROT they should contact the Joint Administrators immediately.

Joint Administrators' agents and solicitors

Company	Role	Fee structure
Neil Davies and Partners	Legal advice	Time costs and disbursements
Kumar & Company	Valuation and sale of assets	% of realisations

Investigations

The Joint Administrators' investigations into the Company's affairs are currently ongoing.

The Joint Administrators have a statutory obligation to file a report with the Insolvency Service regarding the conduct of the directors that held office in the three years prior to the Administration. The report must be submitted within three months of the appointment date and creditors should note that the contents of this report are confidential.

The Joint Administrators also have a duty to investigate antecedent transactions which include;

- Transactions at an undervalue, s238 of the Act
- Preferences, s239 of the Act
- Transaction defrauding creditors, s423 of the Act
- Transactions with connected parties.

Any creditor who has any information which they think may be relevant should forward appropriate details to the Joint Administrators as soon as possible.

6. SOA

The Joint Administrator requested a SOA on 20 March 2017 however it has not been received. A schedule of the creditors together with an estimated SOA prepared by the Joint Administrators based on information available from the Company records is attached at Appendix A.

Some creditors amounts may differ from the actual amount owed however this does not affect creditors' ability to submit a claim for a different amount.

7. Joint Administrators' remuneration

Pre-Administration costs

Pre-Administration costs are defined in rule 2.33(2A)(a) of the Rules as fees charged and expenses incurred by the Administrator, or another person qualified to act as an insolvency practitioner, before the Company entered into Administration but with a view to doing so.

Pre-Administration costs incurred in the period prior to appointment are detailed below:

Company	Amount (£)	Date Agreed
Wilson Field	24,988	Not yet approved
Neil Davies and Partners	9,798	Not yet approved
Kumar & Company	16,453	Not yet approved

Wilson Field

These relate to time properly incurred by the proposed Joint Administrators and their staff in attending to matters arising in the proposed Administration. They relate, but are not limited to, the following:-

- Assessing the Company's financial position to establish the most appropriate insolvency route;
- Considering various realisation strategies with a view to maximising the return to the Company's creditors;
- Advising the Company during the period preceding their appointment;
- Carrying out all necessary steps to place the Company into Administration and achieve the Sale;
- Negotiating the Sale, and progressing the Sale to completion;
- Preparing engagement and conflict check documentation;
- Liaising with David Currie with regard to their valuation of the Company's business and assets and the offer received from Fusion.

A breakdown of these are attached at Appendix C.

K&C

K&C were instructed to provide valuation advice in respect of the Company's business and assets. K&C also undertook a desktop valuation of the Company's draft financial statements, balance sheet and a management account of the Company's profit and loss summary.

Furthermore, K&C produced an assessment of the Company's assets and valuations on both going concern and break up bases.

K&C were also involved in the negotiations of the terms of the Sale and International offer was referred to them for consideration prior to acceptance.

K&C's costs in this matter relate, but are not limited to, the above.

Neil Davies and Partners

Neil Davies and Partners were instructed to deal with the formalities of placing the Company into Administration and to draft a sales and purchase agreement for the pre-packaged sale of the Company's assets.

The Joint Administrators' choice of agents and solicitors was based on their perception of the experience and ability of the respective firms to perform their work and the complexity of the case.

It was necessary to incur these costs prior to appointment to allow the pre-packaged sale of the business and assets of the Company to be completed. Further information detailing the reasons why the pre-packaged sale was in the best interests of the Company and its creditors is detailed at section 4 above.

To date all pre-administration costs remain unpaid.

In accordance with Rule 2.67A of the Rules, the Joint Administrators are seeking approval for payment of all unpaid pre administration costs as an expense of the Administration from each secured creditor.

These costs are not part of the Proposal subject to approval under paragraph 53 Schedule B1 of the Act.

Post-Administration costs

In accordance with rule 2.106 as amended by the Rules, it is proposed that the basis upon which the Joint Administrators' remuneration should be fixed, is by time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration.

As Joint Administrator, under the provisions of R2.106 of the Rules, I am required to provide creditors with details of the work I propose to undertake in the Administration and the expenses I consider will be, or are likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which my remuneration will be fixed.

In addition to this, where an Administrator seeks to pass a resolution to agree the basis of his remuneration by reference to the time properly spent by him and his staff in attending to matters arising in the Administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.

In this case, I am seeking to agree that my remuneration be based on the time properly spent by me and my staff in dealing with the affairs of the Company. My fees estimate and details of the work I propose to undertake in the Administration, can be found in Appendix D and further information on the work done since my appointment to the date of this report can be found in section 2.

Please note that where appropriate, the fees estimate may be to a particular stage of the case only and if I consider the estimate will be exceeded during the Administration, I am obliged to seek further approval for any increase in my remuneration.

The Joint Administrators' time costs from appointment to date total £11,316.50 comprising 42.3 hours at an average charge out rate of £267.53. A schedule of these costs is attached at Appendix C.

I will be seeking the approval of the secured creditor to fixing the basis of the Joint Administrators' remuneration.

I will provide updates on the expenses I consider will be, or are likely to be, incurred during this case with my progress reports in due course.

Enclosed at Appendix D is my firm's current charge out rates. In common with all professional firms, our charge out rates increase from time to time. Any change will be reported in the next statutory report to creditors.

Please note that a guide to Administrators fees is available at the following website link, <https://www.r3.org.uk/what-we-do/publications/professional/fees>. A hard copy is available on request.

8. Dividend prospects

Secured creditors

LTSBCF hold two debentures incorporating fixed and floating charges. The first debenture was created on 25 March 2010 and the second debenture was created on 18 July 2012. It is anticipated that LTSBCF will be repaid in full through book debt collections from the Company's factored debtor ledger.

In addition to LTSBCF, the Company granted a charge to Lloyds that was created on 2 July 2010. It is anticipated that a distribution will be made to Lloyds from the fixed charge realisations relating to the goodwill sold to International.

Creditors will be advised of the level of any surplus funds available to the Administration estate following LTSBCF collecting the financed debtor ledger in subsequent progress reports.

Preferential creditors

As previously referred to in greater detail earlier within this report, the Company employed five members, all of whom transferred their employment under Transfer of Undertaking (Protection of Employment) Regulations 2006 ("TUPE") regulations as a result of the Sale to International.

Following on from the transfer of the employees' employment, all potential preferential claims have been mitigated.

Prescribed part ("PP")

Within the Act there are provisions for a fund, called the Prescribed Part, to be set aside for distribution to the unsecured creditors in accordance with section 176A of the Act. The fund is calculated on the net realisations of assets subject to a floating charge contained in a debenture created on or after 15 September 2003. The fund is calculated as being 50% of the first £10,000 of net property and 20% thereafter, subject to a maximum fund of £600,000.

Due to the debenture being registered after 15 September 2003, the Joint Administrators shall make a prescribed part of the company's net property available to unsecured creditors, in accordance with section 176a of the Act. This is calculated as being 50% of the first £10,000 of net property and 20% thereafter, subject to a maximum fund of £600,000.

Based on estimated realisations, it is anticipated that the net property of the Company will total £79,894 giving a prescribed part fund of £18,979 available to unsecured creditors. It should be noted however the Statement of Affairs does not take into account costs and expenses of the Administration and that once these have deducted it is assumed that there will not be sufficient funds to warrant a distribution. The Joint Administrators costs are reflected within the fee estimate included in Appendix D and detail that the costs are estimated to be higher than the net property of the Administration.

Unsecured creditors

The Company's books and records show that unsecured creditors total £448,135. I can confirm that no claims have been received to date.

Taking into account anticipated realisations and the likely costs of the Administration, it is unlikely that a dividend will become available to unsecured creditors.

9. End of Administration

The exit options available to the Joint Administrators are as follows;

- Company Voluntary Arrangement
- Return of control to the director(s)
- CVL
- Compulsory Liquidation
- Dissolution

There are a number of options available to the Joint Administrators following the achievement of one of the purposes of Administration as set out above in section 1 of the Proposals.

In this instance, it appears that most appropriate exit route will be dissolution on the basis that it is not anticipated that realisations of the Company's assets will be sufficient to enable a distribution to unsecured creditors. It is therefore likely that the Company will be dissolved upon conclusion of the Administration.

However, in the event that realisations are sufficient to enable a distribution to unsecured creditors then the Joint Administrators will take steps to place the Company into Creditors Voluntary Liquidation, in order to facilitate payment of such a dividend.

10. The Proposals

The Joint Administrators make the following proposals for achieving the purpose set out in Paragraph 3 of Schedule B1 to the Insolvency Act 1986:

- That the Company's affairs will continue to be managed by the Joint Administrators and their agents and such management will be financed from the realisation of the Company's assets within the Administration.
- That the Joint Administrators do all things and generally exercise all of their powers as contained in Schedule 1 and Schedule B1 of the Act, otherwise provided by statute as they, in their sole and absolute discretion, consider desirable or expedient in achieving the statutory objective of the Administration.
- That the Joint Administrators be able to make distributions to preferential, secured and a Prescribed Part dividend to unsecured creditors by virtue of Section 176A (2)(a) of the Act.
- The appointment of the Joint Administrators shall cease to have effect at the end of the period one year beginning with the date of appointment. However, pursuant to paragraph 76 of Schedule B1 of the Act, the Joint Administrators may seek extension to the Administration period if deemed necessary.

- If, as anticipated, if the Joint Administrators at any time conclude that the Company's property is insufficient to permit any or further distributions to its creditors, then the Joint Administrators will seek the dissolution of the Company pursuant to Paragraph 84(1) of Schedule B1 of the Act. Should the Company be dissolved in accordance with this Paragraph, the Joint Administrators will take steps to destroy all books and records in their possession within 12 months on the dissolution.
- Or, in the event that a dividend becomes available to unsecured creditors and the Joint Administrators achieve 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, and upon the settlement of the Administration expenses and liabilities, it is proposed that the Joint Administrators file the relevant notice to move the Company from Administration to CVL. It is further proposed that Lisa Hogg and Emma Bower be appointed as Joint Liquidators of the Company, acting jointly and severally. As per Paragraph 83(7) of Schedule B1 of the Act and Rule 2.117A(2)(b) of the Rules, creditors may nominate a different person as the Proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved.
- Or, that they may petition for the Company to be put into compulsory liquidation.

Pursuant to Rule 2.33(5) of the Rules, the Proposals shall be deemed to be approved by the creditors on the expiry of the period in which a meeting can be requisitioned by creditors in the matter described at point 11 below, provided that no meeting has been so requisitioned.

The Joint Administrators will be seeking the following specific resolutions from the secured creditor:

- That the Joint Administrators time costs and expenses incurred before the Company entered into Administration but with a view to it doing so be approved, to be paid as a cost of the Administration.
- That the remuneration of the Joint Administrators be fixed on a time cost basis in accordance with the fees estimate provided to creditors at Appendix D of the Proposals and that the Joint Administrators be authorised to draw their remuneration on account of costs incurred as and when funds permit.
- That the Joint Administrators be authorised to draw Category 2 disbursements in accordance with their prevailing recovery policy at the time the disbursement is incurred. The current rates are attached at Appendix D.
- That the Joint Administrators be discharged from all liability pursuant to Paragraph 98 of Schedule B1 of the Act, immediately on their appointment ceasing to have effect.

11. Creditors meeting

In accordance with Paragraph 52(1)(b) of Schedule B1 of the Act, the Joint Administrators are not convening a meeting of creditors as the Company has insufficient property to enable a distribution to be made to unsecured creditors.

However, the Joint Administrators shall summon an initial creditors' meeting, if requested to by the creditors of the Company, whose debts amount to at least 10% of the total debts of the Company, using the attached prescribed form 2.21B (attached at Appendix E), within 8 business days from the date of this report.

Creditors are reminded that the costs of any meeting called shall be paid for by them and that a deposit will be required for such purpose. Such costs may be ordered to be paid as an expense of the Administration if the meeting so resolved.

12. Next report

The Joint Administrator is required to provide a progress report within one month of the end of the first six months of the Administration and we will report to you again at this time.

Dated this 24TH day of March 2017



Lisa Hogg

Joint Administrator

Acting as agent of the Company without personal liability

Lisa Jane Hogg and Emma Bower of Wilson Field Limited were appointed Joint Administrators to Integrated Effluent Solutions Ltd on 17 March 2017. The affairs, business and property of the Company are being managed by the Joint Administrators without personal liability.

INTEGRATED EFFLUENT SOLUTIONS – IN ADMINISTRATION

APPENDIX A

JOINT ADMINISTRATORS' ESTIMATED SOA & SCHEDULE OF CREDITORS

Insolvency Act 1986

Integrated Effluent Solutions Ltd
Estimated Statement Of Affairs as at 17 March 2017

	Book Value £	Estimated to Realise £	£
ASSETS			
Factored Debtor Ledger	81,739.87	65,391.90	
Lloyds Bank Commercial Finance		(22,498.00)	
		<u>42,893.90</u>	42,893.90
Goodwill	5,000.00	5,000.00	
Lloyds TSB Bank plc		(14,578.00)	
Deficiency c/d		<u>(9,578.00)</u>	
Motor vehicle	3,386.00		5,000.00
Plant and machinery	31,512.00		12,500.00
Business and intellectual property			3,000.00
Office furniture & equipment			500.00
Seller's records			1.00
Stock	11,625.00		1,000.00
Customer contracts			14,999.00
Trade Debtors	94,323.00		Uncertain
Overdrawn director loan account	441,795.00		Uncertain
			<u>79,893.90</u>
LIABILITIES			
PREFERENTIAL CREDITORS:-			
			<u>NIL</u>
			79,893.90
DEBTS SECURED BY FLOATING CHARGE PRE 15 SEPTEMBER 2003			
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS			
			<u>NIL</u>
			79,893.90
Estimated prescribed part of net property where applicable (to carry forward)			<u>18,978.78</u>
			60,915.12
DEBTS SECURED BY FLOATING CHARGE POST 15 SEPTEMBER 2003			
Deficiency b/d		9,578.00	
			<u>9,578.00</u>
			51,337.12
Estimated prescribed part of net property where applicable (brought down)			<u>18,978.78</u>
			70,315.90
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)			
Trade & Expense Creditors		342,771.71	
Banks/Institutions		14,578.28	
HM Revenue and Customs - VAT		<u>105,362.83</u>	
			462,712.82

Insolvency Act 1986

Integrated Effluent Solutions Ltd
Estimated Statement Of Affairs as at 17 March 2017

	Book Value £	Estimated to Realise £
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)		<u>(392,396.92)</u> <u>(392,396.92)</u>
Issued and called up capital Ordinary Shareholders		300.00 <u>300.00</u>
TOTAL SURPLUS/(DEFICIENCY)		<u><u>(392,696.92)</u></u>

Wilson Field Limited
Integrated Effluent Solutions Ltd
B - Company Creditors

Key	Name	Address	£
CA00	ADT Fire And Security PLC	ADT House, Mucklow Hill, Halewoven, W Midlands, B62 8DA	260.99
CA01	Air Products PLC	2 Millennium Gate, Westmere Drive, Crewe, Cheshire, CW1 6AP	78.12
CA02	Aqua- Technik	Aqua-Technik, In der Funkenwiese 24, D-63688 GEDERN-STEINBERG	10,605.78
CA03	Analytical Technology	Unit 1 & 2, Gatehead Business Park, Delph New Road, Delph, Saddleworth, OL3 5DE.	8,441.92
CB00	BT Business	BT Correspondence Centre, Durham, DH98 1BT	570.28
CB01	Bio-Systems Ltd	Bio-Systems Ltd, Unit F, 1 Kings Drive, Kingsmoor Park South, Carlisle, Cumbria, CA6 4RD	804.72
CB02	BT Plc.	BT Durham, DH98 1BT	281.60
CB03	BWT UK Ltd	BWT UK Ltd, BWT House, Gateway Centre, Coronation Road, High Wycombe, HP12 3SU	1,879.60
CC00	Courtley (Health & Safety) Ltd.	5 Platinum Court, Alchemy Way, Knowsley, Merseyside, L33 7XN	900.00
CC01	Credit Safe Business Solutions Ltd	Bryn House, Caerphilly, Van Road, Caerphilly, CF83 3GG	189.00
CC02	Cromex Ltd	Unit 7, Arcot Court, Nelson Park West, Cramlington, Northumberland, NE23 1BB	24,055.20
CE00	Eden Springs UK Ltd	Eden Springs UK Ltd, Unit B, 3 Livingstone Boulevard, Hamilton Int. Tech. Park, Blantyre, G72 0BP	63.73
CE01	ESE Direct Ltd	Wensum Works, 150 Northumberland Street, Norwich, NR2 4EE	61.61
CF00	Feralco (UK) Ltd	Ditton Road, Widnes, Cheshire, WA8 0PH	4,519.32
CF01	Forbes	Crimplesham, Kings Lynn, Norfolk, PE33 9AS	37,926.12
CF02	Francis Transport Ltd	Francis T/sport Ltd, Stephenson Road, Stephenson Ind. Estate, Washington, Tyne & Wear, NE37 3HR	480.00
CG00	Gaffey Technical Services	Gaffey Tech Services, Unit 3a Newhouse Road, Huncoat Bus Park, Accrington, Lancs., BB5 6NT	78.30
CG01	Gemu Valves Ltd	Gemu Valves Ltd, 10 Olympic Way, Birchwood, Warrington, WA2 0YL	3,641.04
CH00	HM Revenue & Customs - VAT	Enforcement and Insolvency Service (EIS), Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	105,362.83
CI00	Innovative Ultrasonics PTY Ltd.	8 Peatling Lane, Twin Waers, QLD, 4564, Australia	1,150.00
CI01	International Plastic Systems Ltd	Seaham Grange Ind. Estate, Co. Durham, SR7 0PT	2,525.15
CK00	KC Controls Services LLP	15-17 Bell Centre, Newton Road, Crawley, W Sussex, RH10 9FZ	124,237.30
CL00	Lead Forensics Ltd	1000 Lakeside, North Harbour, Portsmouth, Hants, PO6 3EN	156.00
CL01	Lutz Jesco GB Limited	Gateway Estate, W Midlands Freeport, Birmingham, B26 3QD	7,001.69

Wilson Field Limited
Integrated Effluent Solutions Ltd
B - Company Creditors

Key	Name	Address	£
CL02	Lloyds Bank plc		14,578.28
CM00	Micronics Filtration Ltd	Sandbach Road, Burslem, Stoke on Trent, Staffordshire, ST6 2DR	9,660.60
CM01	Money Penny	Money Penny Acc. Dept., Elice Way, Wrexham LL13 7YT	182.16
CM02	MSB Trucks & Plant Training	21 Hawking Close, Deneside, Chester le Street, Co. Durham, DH2 3TU	258.00
CM03	Transcendit Ltd	C10 Marquis Court, Team Valley, Gateshead, Tyne & Wear, NE11 0RU	240.00
CN00	Northumbrian Water	Customer Centre, PO Box 300, Durham, DH1 9WQ	176.22
CN01	North East Property Partnership	Axis Building, Maingate, Kingsway North, Team Valley Trading Estate, Gateshead, Tyne and Wear, NE11 0NQ	11,136.52
CN02	Nicholsons Transport Ltd	Burnside House ICI West Gate, Chiltons Avenue, Billingham, Cleveland, TS23 1JD	1,796.08
CN03	Northern Engineering Solutions	Unit 10, West Chirton South Ind. Est., Norham Road, North Shields, NE29 7TY	18,500.72
CN04	Northumbrian Water	Leat House Pattinson Road, District 15, Washington, Tyne & Wear, NE38 8LB	21.63
CO00	Opus Energy	Royal Pavilion, 2 Summerhouse Road, NN3 6BJ	970.22
CO01	Oasis Environmental Ltd	Dunston Innovation Centre, Dunston Road, Chesterfield, Derbyshire, S41 8NG	4,833.48
CO02	Ogilvie Fleet	Ogilvie House, 200 Glasgow Road, Stirling, FK7 8ES	522.58
CO03	Omni Instruments Ltd	OMNI Instruments Ltd, East Kingsway Bus, Centre, Mid Craigie Trading Estate, Mid Craigie Road, Dundee, DD4 7RH	747.11
CP00	Penn White Ltd	Aston Way, Midpoint 18 Bus Park, Middlewich, Cheshire, CW10 0HS	852.00
CP01	Pitney Bowes Ltd	Customer Payments, Building 5, Trident Place, Mosquito Way, Hatfield, Hertfordshire, AL10 9UJ	132.56
CP02	Premium Credit Ltd	PO Box 350, Epsom, KT17 1WP	99.38
CP03	Pumps and Gearboxes Ltd	Unit 4, Oakwell Court, Oakwell Way, Birstall, W Yorkshire, WF17 9LU	186.00
CR00	R A Dalton	Yard C, Colvilles Road, Kelvin Ind. Estate, East Kilbride, G75 0RS	22,490.10
CS00	Solenis	Drew Ind. Division, Alferton Trading Estate, Somercotes, Derbyshire, DE55 4LR	2,156.40
CS01	Sage	North Park, Newcastle Upon Tyne, NE13 9AA	341.02
CS02	Select Systems	2 Percy Street, Hartlepool, TS26 0HS	12,054.62
CS03	Shire Leasing Plc	1 Calico Bus. Park, Sandy Way, Amington, Tamworth, Staffs. B77 4BF.	1,068.66
CS04	SNF (UK) Ltd	Solutions House, Ripley Close, Normanton Ind. Estate, Normanton, WF6 1TB	4,188.00
CS05	South Tyneside Council	Hawthorne, Rolling Mill Road, Viking Industrial Park, Jarrow, Tyne & Wear, NE32 3DP	0.00
CT00	Tilly Bailey Irvine LLP	12 Evolution, Wynyard Park, Wynyard, TS22 5TB	11,325.44
CT01	TNT UK Ltd.	P.O. Box 4, Ramsbottom, Bury, Lancashire, B18 9AR	42.05

Wilson Field Limited
Integrated Effluent Solutions Ltd
B - Company Creditors

Key	Name	Address	£
CT02	TNT International	P.O Box 186, Ramsbottom, Bury, Lancs., BL0 9GR	327.59
CT03	Tribune Office Solutions	Gibside House, Waterside Drive, Gateshead, Tyne & Wear, NE11 9HU	238.18
CT04	Tyne Fire & Safety	Foxhunters Trading Estate, Foxhunters Road, Whitley Bay, NE25 8UG	196.20
CU00	United Registrar of Systems Ltd	Washington House, 3 Durley Road, Bournemouth, BH2 5JQ	1,356.00
CV00	Vodafone	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN	718.98
CW00	Waltons Clark Whitehill	Maritime House, Harbour Walk, The Marina, Hartlepool, TS24 0UX	5,992.30
CW01	WasteCare Ltd	Richmond House, Garforth, Leeds, LS25 1NB	186.00
58 Entries Totalling			462,845.38

Integrated Effluent Solutions Ltd
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 24/03/2017

S of A £		£	£
	SECURED ASSETS		
65,391.90	Factored Debtor Ledger	NIL	NIL
	SECURED CREDITORS		
(22,498.00)	Lloyds Bank Commercial Finance	NIL	NIL
	GENERAL SECURED GROUP		
5,000.00	Goodwill	595.24	
(14,578.00)	Lloyds TSB Bank plc	NIL	595.24
	ASSET REALISATIONS		
5,000.00	Motor vehicle	595.24	
12,500.00	Plant and machinery	NIL	
3,000.00	Business and intellectual property	357.14	
	Plant & Machinery	1,488.10	
500.00	Office furniture & equipment	59.52	
1.00	Seller's records	0.12	
1,000.00	Stock	119.05	
14,999.00	Customer contracts	1,785.60	
Uncertain	Trade Debtors	NIL	
Uncertain	Overdrawn director loan account	NIL	4,404.77
	UNSECURED CREDITORS		
(342,771.71)	Trade & Expense Creditors	NIL	
(14,578.28)	Banks/Institutions	NIL	
(105,362.83)	HM Revenue and Customs - VAT	NIL	NIL
	DISTRIBUTIONS		
(300.00)	Ordinary Shareholders	NIL	NIL
(392,696.92)			5,000.01
	REPRESENTED BY		
	Bank 1 Current		5,000.01
			5,000.01



Lisa Jarle Hogg
Joint Administrator

INTEGRATED EFFLUENT SOLUTIONS LTD – IN ADMINISTRATION

APPENDIX C

**TIME ANALYSIS IN ACCORDANCE WITH SIP 9 - PRE APPOINTMENT AND POST
APPOINTMENT**

Time Entry - Detailed SIP9 Time & Cost Summary

INTE03A - Integrated Effluent Solutions Ltd
From: 01/01/2000 To: 24/03/2017
Project Code: PRE

Classification of Work Function	Directors & IP's	Manager & Senior Administrator	Administrators	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
ADAP : Appointment	1.80	0.00	2.00	0.00	3.80	1,420.00	373.68
ADCA : Cashiering	0.00	0.10	0.00	0.70	0.80	162.50	203.13
ADCR : Case Reviews	0.00	0.00	1.80	0.00	1.80	416.00	260.00
ADDI : Directors/Client	0.00	0.00	4.00	0.00	4.00	1,040.00	260.00
ADGA : File Maintenance	0.30	0.00	10.20	0.30	10.80	3,030.00	280.56
ADSC : Statutory and Compliance	0.40	0.00	9.40	0.20	10.00	2,670.00	267.00
ADSO : Strategic Overview	1.20	0.00	1.40	0.00	2.60	1,099.00	422.69
Admin and Planning	3.70	0.10	28.60	1.20	33.60	9,837.50	292.78
ADSV : Site Visit	0.00	0.00	1.50	0.00	1.50	592.50	395.00
Case Specific Matters	0.00	0.00	1.50	0.00	1.50	592.50	395.00
CRCL : Creditors Claims	0.30	0.00	0.00	2.00	2.30	410.00	178.26
CRCO : Communications with Creditors	0.20	0.00	2.50	0.00	2.70	750.00	277.78
Creditors	0.50	0.00	2.50	2.00	5.00	1,160.00	232.00
REIS : Identifying, Securing and Insuring	1.80	0.00	0.00	0.00	1.80	900.00	500.00
REPB : Property,Business and Asset Sales	17.30	0.00	14.80	0.00	32.10	12,498.00	389.35
Realisation of Assets	19.10	0.00	14.80	0.00	33.90	13,398.00	395.22
Total Hours	23.30	0.10	47.40	3.20	74.00	24,989.00	337.68

Time Entry - Detailed SIP9 Time & Cost Summary

INTE03A - Integrated Effluent Solutions Ltd
From: 01/01/2000 To: 24/03/2017
Project Code: POST

Classification of Work Function	Directors & IP's	Manager & Senior Administrator	Administrators	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
ADCA : Cashiering	0.10	0.00	0.20	0.60	0.90	243.00	270.00
ADCR : Case Reviews	0.00	0.00	0.40	0.00	0.40	104.00	260.00
ADDI : Directors/Client	0.00	0.00	0.40	0.00	0.40	104.00	260.00
ADGA : File Maintenance	0.20	0.00	0.00	0.50	0.70	165.00	235.71
ADSC : Statutory and Compliance	2.40	0.90	25.60	6.50	35.40	9,056.50	255.83
Admin and Planning	2.70	0.90	26.60	7.60	37.80	9,872.50	255.89
CRCL : Creditors Claims	0.20	0.00	0.00	0.00	0.20	100.00	500.00
CRCO : Communications with Creditors	0.00	0.00	0.40	0.60	1.00	182.00	182.00
Creditors	0.20	0.00	0.40	0.60	1.20	282.00	235.00
REIS : Identifying, Securing and Insuring	0.30	0.00	0.00	0.00	0.30	150.00	500.00
REPB : Property, Business and Asset Sales	1.80	0.00	1.20	0.00	3.00	1,212.00	404.00
Realisation of Assets	2.10	0.00	1.20	0.00	3.30	1,362.00	412.73
Total Hours	5.00	0.90	28.20	8.20	42.30	11,316.50	267.53

INTEGRATED EFFLUENT SOLUTIONS – IN ADMINISTRATION

APPENDIX D

**INFORMATION IN RELATION TO THE JOINT ADMINISTRATORS' FEES INCLUDING FEES
ESTIMATE, ALONG WITH THE WILSON FIELD CHARGE OUT RATES AND DISBURSEMENT
POLICY**

INFORMATION IN RELATION TO THE JOINT ADMINISTRATORS' FEES INCLUDING FEES ESTIMATE, ALONG WITH THE WILSON FIELD CHARGE OUT RATES AND DISBURSEMENT POLICY

Fee Basis

The Administrator is seeking to agree the basis of his remuneration in this case on a time cost basis. This appendix includes details of the work the Administrators proposes to undertake and the expenses the Administrator considers will be, or are likely to be, incurred.

Where a time cost basis is being sought, this will include the Administrators fees estimate, which also provides details of the hourly rate or rates the Administrators and his staff propose to charge for each part of that work and the time he anticipates each part of that work will take.

In this case, I do not anticipate that it will be necessary to seek further approval to increase the level of the fees estimate.

Fees Information in accordance with The Insolvency (Amendment) Rules 2015 and SIP 9

Fees Overview

Prior to an insolvency practitioner agreeing the basis of their remuneration as Administrator, details of the work proposed to be done and the expenses it is considered will be, or are likely to be, incurred in dealing with a company's affairs must be provided to creditors.

In addition, where the Administrator proposes to take all or any part of this remuneration based on the time they and their staff will spend dealing with the affairs of the insolvent company, a **fees estimate** must also be provided. This will outline the anticipated cost of that work, how long it is anticipated the work will take and whether any further approvals may be needed from creditors in due course.

It should be noted that a **fees estimate** may be provided to a particular milestone or for a designated period in a case, where it is not possible to accurately estimate the work that will need to be done at the outset.

Creditors should be aware that the **fees estimate** is based on all of the information available now and may be subject to change due to unforeseen circumstances that may arise during the Administration. If it is considered that the **fees estimate** will be exceeded, the Administrator must provide an update and seek approval to increase the previously agreed **fees estimate**.

Work anticipated and the likely return to creditors

Some of the work undertaken by an insolvency practitioner is required by statute and may not necessarily provide a financial benefit to creditors. Examples of this work include investigations required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 or dealing with the claims of former employees via the National Insurance Fund.

Where the work to be done is anticipated to produce a financial benefit to creditors, this will be stated and it may be necessary for the Administrator to instruct third parties to assist in this process because of a particular expertise that the third party may bring such as valuation, tax or legal advice.

Where it is practical to do so, an Administrator will provide an indication of the likely return to creditors when seeking approval for the basis of his remuneration. Again due to the complex nature of the work undertaken by insolvency practitioners and the uncertainties that may exist in relation to the realisation of a company's assets at the outset of a case, this may not be possible. An Administrator is however, required by statute to provide periodic reports to creditors on the progress of a case which will include an update as to the likely return creditors may expect.

Based on the information provided it is anticipated that a dividend will be available to LBTSCF.

Proposed Fee Basis

In this case, it is being proposed that the basis of my remuneration as Administrator will be based on the time spent by me and my staff in dealing with the Company's affairs.

Attached to this document is my **fees estimate**, together with an explanation of the work I propose undertaking.

Each part of the work to be undertaken will necessarily require different levels of expertise and therefore related cost. In order to aid understanding, for the purposes of my **fees estimate**, I have indicated the rates and grades of staff such as myself, the case manager, the case administrator and support staff when estimating the total hours to be spent on each part of the work.

This **fees estimate** is produced on the basis of all the work I currently propose will be necessary in the Administration. If I consider the **fees estimate** will be exceeded I will notify creditors accordingly, provide a revised estimate and seek further approval for my increased fees.

Outline of work to be done by the Joint Administrator

Below are details of the work I propose undertaking in support of the above **fees estimate** for the Administration:

Administration (including statutory compliance & reporting)

Administrators are required to carry out certain tasks in nearly every insolvency assignment, namely administrative duties and dealing with the Company's creditors. Whilst these tasks are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, they do not necessarily produce any direct financial benefit for creditors, but nonetheless still have to be undertaken.

This work includes:

- Complying with Insolvency code of ethics, Money Laundering and Bribery Act legislation, including periodic reviews
- Notifying creditors of the Administrator's appointment and other associated formalities including statutory advertising and filing relevant statutory notices at Companies House
- Reporting to creditors regarding any pre-packaged sale of the business
- Preparing and issuing the Administrator's statement of proposals for achieving the purpose of the Administration and thereafter providing periodic progress reports to members and creditors (typically every 6 months)
- Lodging periodic returns with the Registrar of Companies for the Administration
- Complying with statutory duties in respect of the Administrator's specific penalty bond
- Creation and update of case files on the firm's insolvency software
- Redirection of the Company's mail to the Administrator's office where necessary
- Establishing creditors' committee. Periodic meetings and reporting and associated filing formalities (if a committee is appointed)
- Securing the Company's books and records
- Pension regulatory reporting and auto-enrolment cancellation
- Completion and filing of the notice of the Company's insolvency to HMRC
- Initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 (CDDA) including the review of the Company's books and records and the identification of potential further asset realisations which may be pursued in the Administration
- Submitting a statutory report to the Insolvency Service under the CDDA
- Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter)
- Opening, maintaining and managing the Administration estate cashbook and bank account(s)
- Dealing with all post-appointment VAT and corporation tax compliance
- Liaison with secured creditors, obtaining charge documents and validating the security

- Dealing with former employees to provide support and assistance in lodging any claims they may be entitled to make for unpaid wages, holiday pay and other statutory entitlements from the National Insurance Fund and the Company
- Convening any meetings of creditors as requested or as deemed necessary
- Maintaining case files
- Dealing with the formalities with regards closing the case.

Realisation of assets

The Joint Administrator will seek to realise all of the Company's assets. In this instance it is anticipated that the work to be undertaken will include:

- Collecting the deferred consideration from the Sale of the Company
- Reviewing all debentures and charges and liaising with secured creditors including the monitoring of collections of the factored debtor ledger and any potential surplus
- Obtaining, reviewing and pursuing the non-factored debt and all associated records, where appropriate appointing and liaising with agents and solicitors necessary to assist with collections.
- Liaising with the director with regards the overdrawn loan account and negotiating payment of the same.

The Administrator will also seek to identify any other Company assets they have not been advised of which may result in the valuation and sale of further Company assets, including any necessary site visits to inspect and secure the assets and instructions to solicitors and agents as deemed necessary to assist with the valuation, marketing and sale of any assets.

If further assets are identified, and these are of significant value, the Administrator will obtain relevant insurance cover for those assets.

Work done by the Administrator, his staff and any third parties engaged to assist the Administrator in realising the Company's assets will, it is anticipated, provide a financial benefit to creditors. This may involve realising assets to facilitate a distribution to secured creditors of the Company only (from which a Prescribed Part fund may be derived for the benefit of unsecured creditors) or may, depending on realisations and the extent of any 3rd party security, result in a distribution to the preferential and/or unsecured creditors of the Company. Further information on the likely outcome of the Administration process will be provided in the Administrator's subsequent progress reports.

Creditors should note this is not an exhaustive list of potential work to be carried out but is based on the information available at the time of issue.

Creditors (claims and distributions)

As Administrator, I will deal with all secured and unsecured creditor correspondence and claims as received, including any claims of creditors under retention of title. If a dividend becomes available I will either deal with the review and adjudication of creditors' claims in the Administration or in the subsequent liquidation and with all formalities associated with the declaration and distribution of the dividend.

If applicable I will appoint a solicitor to advise and deal with any materially disputed claim.

Investigations

As Administrator, I am required to conduct investigations into the conduct of the director of the Company and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986 and SIP 2 (Investigations by Office Holders in Administrations and Insolvent Liquidations).

This work may not necessarily lead to any financial benefit to creditors yet is work I am required to undertake by statute. I have included the time I consider will be needed to comply with the above legislation within **Administration** above.

If however, my initial investigations reveal that further recoveries may be available for the insolvent estate, then work will be undertaken to pursue these recoveries either in the Administration proceedings or in any subsequent Liquidation proceedings. The potential extent and cost of this work is unknown, but could be substantial if an antecedent transaction or similar action is identified and pursued through to a settlement being achieved. Such work could include instructions to and meetings with solicitors to progress a claim; lengthy and detailed correspondence with any defendant or other party involved; mediation or other resolution meetings with defendants to seek to agree a settlement for the benefit of creditors; the obtaining of any relevant insurance to cover the costs of legal proceedings; full legal proceedings which could consist of an application to court, numerous court hearings and other associated work. On the attached fee estimate the investigations costs are calculated from a sample of cases which reflect the extent of work which could be undertaken on cases where an antecedent transaction or similar action has been identified and pursued through to a settlement being achieved.

All work undertaken to pursue these recoveries will be recorded within this time category.

Joint Administrator's Expenses

As also noted, I am required to provide creditors with details of the expenses I consider will be, or are likely to be, incurred in the Administration. These may include expenses such as agent's costs for assisting in the disposal and realisation of the company's physical assets or other routine expenses associated with an insolvency case such as statutory advertising costs or the office holder's specific penalty bond.

Below is a summary of the expenses I consider will be, or are likely to be, incurred in this case. I will provide a further update to creditors in my subsequent progress reports.

Expense	Estimated cost £
Company search fees	120
Bond	160
Post-appointment advertisements	142
Postage, stationery, photocopying etc	620
Document Upload Centre charge	150
Insolvency software fee	150
Insurance	200
Wilson Field pre-appointment fees	24,988
Valuers pre-appointment fees	16,453
Legal pre-appointment fees	9,798
Legal post-appointment fees	8,000
Total	35,310

Administrator's Fees Estimate

Attached is my **fees estimate** for the Administration. The work the Administrator anticipates undertaking in relation to this estimate has been outlined above. If I consider this estimate will be exceeded, I will advise creditors and seek approval for my revised **fees estimate** as appropriate.

Staff allocation and the use of subcontractors

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

The constitution of the case team will usually consist of an IP/Director, Assistant Manager, Senior Administrator and/or Administrator and Secretarial and/or Support staff. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and additional staff may be allocated to meet the demands of the case.

We are not proposing to utilise the services of any sub-contractors in this case.

Professional advisors

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

Name of Professional Advisor	Basis of Fee Arrangement
Neil Davies and Partners - Legal advice	Time costs and disbursements
Kumar & Company - Valuation and sale of assets	Time costs and disbursements

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

Wilson Field Limited's Charge-out rates and Category 2 disbursements policy

Attached to this document are details of my firm's current charge out rates and policy regarding the re-charge of Category 2 disbursements.

Category 2 disbursements require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Any Category 2 disbursements which this firm proposes to charge in this case are reflected in the table of expenses above. Approval to charge these will be sought from creditors when the basis of my remuneration as Administrator is fixed.

It should be noted that my firm's charge-out rates may increase periodically. If any such increases impact on the ***fees estimate*** for the Administrator, creditors will be notified accordingly.

WILSON FIELD LIMITED CHARGE OUT RATES AND DISBURSEMENT POLICY

In accordance with Statement of Insolvency Practice ("SIP") 9 covering fees and disbursements, we are required to disclose to you our policy for recovering non-specific disbursements, and the charge out rates for the various grades of staff who may be involved in this case.

Remuneration

The office holder(s) will seek approval from creditors to draw remuneration on a time cost basis, in accordance with the rates detailed below.

	Hourly charge out rate (£)	
Grade	01/02/2014 to 31/10/2014	01/11/2014 onwards
Director/Insolvency Practitioner	350-500	500
Manager	260-400	400
Assistant Manager	N/A	395
Team Leader	N/A	390
Senior Administrator	240	330
Administrator (1-5 years experience)	120-240	230-300
Secretarial & Support	100-130	130

All time is recorded in 6 minute units.

Category 1 Disbursements

In accordance with SIP 9, these do not require the approval of creditors and are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include advertising, room hire, insurance, travel expenses etc.

Category 2 Disbursements

In accordance with SIP 9, these require the prior approval of creditors.

Category 2 disbursements are charged in accordance with the liquidator's prevailing recovery policy at the time the disbursement is incurred. The rates applicable from 1 August 2016 are detailed overleaf:

Disbursement	Charge	
Search fees	£10 per document	On appointment
Document Upload Centre charge	£150	On appointment
Room Hire where held at a Wilson Field office	£100 per meeting	On appointment (where appropriate)
Mileage	45p per mile	On appointment (where appropriate)
Postage, stationery, photocopying etc	£10 per member and creditor per year	On appointment and annually
Insolvency software fee	£150 per year	On appointment and annually
Storage of books and records	£80 per box per year	Once records are logged and then annually
Document management fee	£150 per year	Annually on 1 st August

In common with all professional firms, our charge out and disbursements rates increase from time to time. We reserve the right to change the rates without prior notice to you. Any change will be reported in the next statutory report to creditors.

B'down / Grade	Partner	Cost (£)	Manager	Cost (£)	Other Senior Professionals*	Cost (£)	Assistants & Support Staff	Cost (£)	Total Hours	Total Cost
Admin and Planning (inc appointment/cashiering/case reviews/director client/file maintenance/out of office call/statutory and compliance/criminal, noncriminal Case Specific Matters (inc site visit/shareholders)	20.23	10116.67	8.22	3112.06	69.64	20892.50	15.06	1957.80	113.15	36079.03
Creditors (inc calculation & distribution/creditors claims/communications with creditors/employees/Tax and VAT/Creditor service/prescribed part sale/ROIT)	0.00	0.00	0.00	0.00	1.05	315.00	0.05	6.50	1.10	321.50
Investigations (inc CDDA report/antecedent transactions/investigation and review)	6.87	3433.33	0.55	208.31	36.17	10850.00	1.70	156.00	44.78	14647.65
Realisation of Assets (inc debt collection/identifying securing and insuring/property business and asset sales/ROIT)	14.21	7105.00	10.29	3897.34	45.45	13635.60	13.09	1701.05	83.04	26338.99
Trading (inc accounting for trading/ongoing employee issues/management of operations)	17.70	8175.00	1.67	624.94	11.03	3200.00	3.07	398.67	33.47	12398.60
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total No Hrs	59.01	28830.00	20.72	7642.65	163.34	48893.10	32.46	4220.02	275.54	89785.77

This information has been obtained from Wilson Field's time recording module. Six ADM cases of a similar size have been selected and an average calculated. The charge out rate information opposite has been obtained from the rate and disbursement policy. As the Administrator charge out rate varies dependent on experience, the highest amount has been taken into account to be prudent. There are four different grade of staff that make up the Manager column, therefore an average of the four rates has been taken into account to calculate the above figures.

*In order to be prudent the higher charge out rate has been applied.

Grade	Hourly charge out rate (£)*	SIP Column
Director/JP	500	Partner
Manager	400	Manager
Assistant Manager	395	Manager
Team Leader	390	Manager
Senior Administrator	350	Manager
Administrator	230-300	Other Senior Professional
Secretarial & Support	130	Assistants & Support Staff

379 AVG Manager Rate

INTEGRATED EFFLUENT SOLUTIONS – IN ADMINISTRATION

APPENDIX E

FORM 2.21B CREDITORS REQUEST FOR A MEETING

Rule 2.37

Creditor's request for a meeting

Name of Company

Integrated Effluent Solutions Ltd

Company number

04602364

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

Court case number
8064 of 2017

(a) Insert full name and
address of the creditor
making the request

I (a)

(b) Insert full name and
address of registered
office of the company

request a meeting of the creditors of (b)
Integrated Effluent Solutions Ltd

Wilson Field Limited
The Manor House
260 Ecclesall Road South
Sheffield

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and
address(es) of creditors
concurring with the
request (if any) and their
claims in the
administration if the
requesting creditor's
claim
is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of
concurrence.

(e) Insert details of the

The purpose of the meeting is (e)

Signed

Dated

Creditor Questionnaire
Investigation into the Affairs of
Integrated Effluent Solutions Ltd ("the Company") – In Administration

Creditor's Name and Address	
Estimated value of your claim	£
If the estimated claim exceeds the credit limit, on what basis or terms was the additional credit allowed?	
Please provide details of any comfort, security or assurance given to you by the Company to allow the continuance of credit	
When did you first become aware of difficulties in getting payment from the Company and what was the evidence of this? (eg, extended credit, lump sum payments, dishonoured cheques)	

/Cont...

<p>Please provide details (including dates) of any Writs, summons, decrees or other legal action you took to recover your debt from the Company</p>	
<p>Please provide details of any cheques which were dishonoured, including dates and amounts</p>	
<p>Are there any particular matters you feel should be reviewed or are you aware of any potential recoveries for the estate which I should investigate as Administrator? If so, please provide brief details</p>	

Date: _____

Signature: _____

Print name: _____

Position: _____

INTEGRATED EFFLUENT SOLUTIONS LTD - IN ADMINISTRATION

CREDITOR'S STATEMENT OF CLAIM

Name and address of creditor: _____

Amount claimed in the Administration:

(Including VAT) £ _____

Signature of creditor: _____

Name of creditor: _____

Telephone: _____

Registered number (for Companies):

Fax: _____

E-mail: _____

Date: ____/____/____

Please provide appropriate documentation in support of your claim.
If you are registered for VAT the amount claimed should include VAT even if VAT bad debt relief has been claimed under the Value Added Tax Act 1994.
Please return this form when you have completed it to Wilson Field Limited, The Manor House, 260 Ecclesall Road South, Sheffield, S11 9PS

Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 Value Added Tax Act 1994. In broad terms relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account.

Claims lodged in the Administration should be gross, including any VAT element. Amounts claimed should also be net of any discount and any adjustment made to set-off amounts owed by the creditor to the company in Administration. If/when dividends are paid, creditors who have claimed VAT bad debt relief must apportion the dividend between VAT and the net element of their claim and account to HM Revenue & Customs for the VAT element through their VAT return.

Insolvency Practitioners have no role in administering VAT bad debt relief under the Value Added Tax Act 1994. Creditors who are uncertain how to claim should contact their VAT office or take professional advice.