

The Insolvency Act 1986

Notice of result of meeting of creditors

Name of Company
Thos Storey Fabrications Limited

Company number
04955870

In the
Manchester High Courts of Justice
[full name of court]

Court case number
3303 of 2015

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

We, (a) Paul Stanley and Jason Dean Greenhalgh of Begbies Traynor (Central) LLP, 340 Deansgate, Manchester, M3 4LY

hereby report that a meeting of the creditors of the above company was held at

* Delete as applicable

(b) Insert place of meeting
(c) Insert date of meeting
* Delete as applicable

(b) 340 Deansgate, Manchester, M3 4LY on (c) 23 February 2016 at which -

1 Proposals were approved

2 Other resolutions

(1) "That the joint administrators' remuneration be fixed by reference to the time properly given by them and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters as set out in the fees estimate"

(d) Give details of the
modifications (if any)

(2) "That the joint administrators be authorised to draw disbursements for services provided by their firm and/or entities within the Begbies Traynor group, in accordance with their firm's policy, details of which accompanied their *Statement of proposals for achieving the purpose of administration*"

(3) "That the joint administrators' unpaid pre-administration costs in the total sum of £19,294 plus VAT detailed in the statement of pre-administration costs contained in their Statement of proposals, be approved for payment

(e) Insert time and date of
adjourned meeting

(4) "That the joint administrators be discharged from liability in respect of any actions of theirs as administrators pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986, with effect from the date their appointment as joint administrators ceases to have effect"

(f) Details of other resolutions
passed

A creditors committee was not formed

Signed

Joint / Administrator(s)

Dated

23/2/16

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

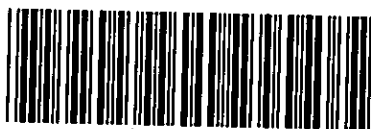
Begbies Traynor (Central) LLP

340 Deansgate, Manchester, M3 4LY,

Tel Number 0161 837 1700

Fax Number 0161 837 1762

DX Number



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26/02/2016

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COMPANIES HOUSE

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

FRIDAY

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability

Thos. Storey Fabrications Limited (In
Administration)

Statement of proposals for achieving the purpose of
administration pursuant to Paragraph 49 of Schedule B1 to the
Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules
1986

Important Notice

This statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Contents

- Interpretation
- Statutory information
- Details of appointment of administrators
- Circumstances giving rise to our appointment
- Statement of affairs
- The administration period
- Estimated outcome for creditors
- Proposals for achieving the purpose of the administration
- Pre-administration costs
- Remuneration and disbursements
- Other information to assist creditors
- Conclusion
- Appendices
 - 1 Account of receipts and payments
 - 2 Directors' statement of affairs
 - 3 Remuneration and expenses
 - 4 SIP 16 Statement

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Thos Storey Fabrications Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on 23 December 2015
"the administrators", "we", "our", "us"	Paul Stanley and Jason Dean Greenhalgh of Begbies Traynor (Central) LLP, 340 Deansgate, Manchester, M3 4LY
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. STATUTORY INFORMATION

Name of Company	Thos Storey Fabncations Limited	
Trading name(s)	Thomas Storey	
Date of Incorporation	6 November 2003	
Company registered number	04955870	
Company registered office	Begbies Traynor, 340 Deansgate, Manchester, M3 4LY	
Former registered office	Stainburn Road, Openshaw, Manchester, M11 2EB	
Trading address	Stainburn Road, Openshaw, Manchester, M11 2EB	
Principal business activities	Manufacture of metal structures and parts of structures	
Directors and details of shares held in the Company (if any)	Name	Shareholding
	Frederick Ellis	0
	John Huggins	0
	Joanne Lynch	12,500
	Michael Walton	12,500
	Anthony Ramsdale	12,500
Company Secretary and details of the shares held in Company (if any)	Name	Shareholding
	Frederick Ellis	0
Auditors	Hurst & Company Accountants LLP, Lancashire Gate, 21 Tiviot Dale, Stockport, Cheshire, SK1 1TD	
Share capital	500,002	
Shareholders	Hallco 1431 Limited (462,502 ordinary shares) Joanne Lynch (12,500 ordinary shares) Michael Walton (12,500 ordinary shares) Anthony Ramsdale (12,500 ordinary shares)	

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment	23 December 2015
Court	Manchester High Courts of Justice
Court Case Number	3303 of 2015
Person(s) making appointment /	the directors of the Company

application

Acts of the administrators

The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.

EC Regulation on Insolvency Proceedings

The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (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 or more secured or preferential creditors
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole "

4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

The directors have provided the following information in relation to the lead up to the Company's insolvency

Background Information

The Company was one of the largest suppliers of steel fabricated products in the UK. The Company was incorporated in 2003 and had successfully traded for over 12 years. The Company traded from its registered office in Openshaw, and had built strong relationships with a number of major clients over the years.

The Company employed over 100 staff. As outlined below, a major benefit of the pre-packaged sale of the Company's assets was that all of the employees would retain their jobs.

The reasons for the Company's insolvency

In July 2015, due to difficult trading circumstances, the Company made an arrangement with HM Revenue & Customs in relation to VAT that had not yet been paid. In September 2015, one of the Company's major customers enforced some significant cutbacks, which had a severely detrimental effect on the business of the Company. There was a drop in demand for the parts that were supplied, which led to severe overstocking. The Company's margins were affected, leading to the redundancy of 30 members of staff between October and December 2015. Significant redundancy costs were incurred.

The Company prepared cashflow forecasts for 2016, however it was clear that, due to the decrease in orders and other issues outlined above, it would have been difficult to continue successfully trading.

All of the above has put huge financial pressure on the Company, therefore the directors concluded that the Company was unable to pay its debts as and when they fall due.

5 STATEMENT OF AFFAIRS

The directors have prepared a statement of affairs of the Company as at 23 December 2015 which is attached at Appendix 2. It makes no provision for the costs of the administration or any subsequent liquidation or voluntary arrangement.

Our comments on the statement of affairs are detailed in the notes which accompany the document at Appendix 2.

6 THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 23 December 2015 to 28 January 2016.

RECEIPTS

Goodwill / Leasehold Property / Plant & Machinery / Fixtures & Fittings / Stock etc

As creditors are aware from the letter sent on 29 December 2015, the various assets outlined above were sold to Thomas Storey Fabrications Group Limited ("TSFG") for a total of £392,000. The individual breakdown on the receipts and payments account coincides with the breakdown provided in the sale and purchase agreement dated 23 December 2015.

Bank Debts

It was agreed between TSFG, the secured creditor and the Joint Administrators that the Company's bank account would remain open to allow debtor payments to be made.

To date, £689,400.20 has been received in respect of the Company's debts.

PAYMENTS

Agents Fees

£1,500 has been paid to Wignall Brownlow LLP for valuation advice and work carried out on behalf of the Joint Administrators

Legal Fees & Disbursements

£6,011 has been paid to Drydens Fairfax for their assistance with the sale of the Company's business and assets

Lloyds Commercial Finance

As per the 'Book Debts' paragraph above, payments from debtors have been made directly into the Lloyds Bank account £689,400.20 has been received by Lloyds under their assignment / fixed charge over the Company's Book Debts

Warranty Liabilities

As creditors are aware, £62,000 of warranty liabilities have been adopted by TSFG as part of the consideration for the purchase of the Company's business and assets

Work undertaken by the Administrators and their staff

On appointment the Administrators met with the Directors, where they advised the Directors on the effect of the appointment of the Administrators and the restrictions now placed upon them

The Administrators liaised with their solicitors with regard to the sale of the Company's business, which completed shortly after appointment to TSFG for £392,000

All statutory documents confirming our appointment were filed at Court and Companies House in accordance with the Insolvency Act. All known creditors of the Company were informed of the Administration

There are a number of creditors who are claiming retention of title over certain goods provided to the Company. The Joint Administrators and their staff have received a large number of calls from these creditors, and have liaised with the creditors in question and the staff of TSFG to ensure that each claim has been dealt with in a timely manner

We have also responded to a number of general queries from creditors and other interested parties by telephone, mail and email and have updated our records accordingly

All directors in the previous three years were given a letter explaining the effects of our appointment, together with a questionnaire to complete. A notice to submit a Statement of Affairs was sent to Mr Ellis

As creditors are aware, the Bank have agreed that they will allow the Company's bank account to remain open in order for the payments due from the Company's debtors to be received. The Joint Administrators and their staff have liaised with the Bank and the staff at TSFG in relation to the debtor payments, and have provided timely updates to the Bank to confirm the payments that have been received

Pre-packaged sale of the business and assets

A copy of our SIP 16 Statement sent to creditors on 29 December 2015 is attached at Appendix 4

Given the proximity of the appointment to the Christmas holiday period, the Joint Administrators wanted to ensure that creditors received notice of their appointment as soon as possible. As there was certain information that will still be required in order to complete the proposals, it was decided that they would be sent to creditors as soon as possible following the initial notification that was sent

7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment (as detailed in the directors' statement of affairs) are as follows

Secured creditor

Lloyds TSB Commercial Finance Limited ("the Bank") hold an assignment over book debts and a fixed and floating charge over the Company's assets dated 28 March 2012

As at 23 December 2015, the Bank was owed £1,365,000

Preferential creditors

As a result of the sale of the business and assets and the employees of the Company transferring to the purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006, there are no known preferential claims in relation to the employees' wages or holidays

The Joint Administrators have been advised that £8,000 is owed by way of unpaid pension contributions, which are treated as preferential under the Insolvency Act 1986

Unsecured creditors

Claims of unsecured creditors were estimated at £3,121,464. This includes £478,792 owed to HM Revenue & Customs, £685,779 owed to the landlord of the trading premises (£645,779 for dilapidations, £40,000 for rent) and £505,000 owed to 2 of the Company's directors. Further details in relation to the claims may be found in the notes to the Statement of Affairs below

The 2 directors in question, along with the landlord, have been listed for the amounts above for voting purposes, however after discussions with the Joint Administrators they have agreed that they will not participate in any future dividend (in the ensuing liquidation), other than for the £40,000 rent owed to the landlord, to allow the best possible outcome for the remainder of the Company's creditors

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditor as follows

Secured creditor

Based on current estimates, we anticipate that the secured creditor will be repaid in full

Preferential creditors

We consider that there are likely to be sufficient funds for a dividend of 100p in the £ to be paid to preferential creditors

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows

- 50% of the first £10,000 of *net property*;
- 20% of *net property* thereafter,
- Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part of net property* if

- the *net property* is less than £10,000 and the administrator thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit, (Section 176A(3)) or
- the administrator applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5))

In the event that the secured creditor is repaid in full under its fixed charge, there will be no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there will be no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property will be available for distribution to the unsecured creditors

In the event that the secured creditor is not repaid in full under its fixed charge, it may transpire that Section 176A(6) may apply. If this is the case, the prescribed part of the net property available for unsecured creditors will be calculated as set out above

Unsecured creditors

Based upon realisations to date and estimated future realisations, we anticipate that there will be sufficient funds to enable a dividend paid to unsecured creditors

Effect of administration on limitation periods under the Limitation Act 1980

As explained in our initial correspondence confirming our appointment as administrators, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this

8. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above

For the reasons set out in this report, we presently consider that it is not reasonably practicable to achieve the objective specified in sub-paragraph 3(1)(a), and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(b), namely achieving a better result for the Company's creditors as a whole than would have been likely if the Company were wound up. On current estimates, we anticipate that there will be sufficient funds to enable a dividend to be paid to the unsecured creditors, however if the Company had entered into liquidation, it is unlikely that there would have been sufficient funds to enable a dividend to be paid

As outlined in the SIP 16 letter sent to creditors on 29 December 2015, it was not reasonably practicable to achieve the objective specified in sub-paragraph 3(1)(a), namely rescuing the Company as a going concern, as there were insufficient funds to enable trading to be continued

The major benefits of the Administration and pre-packaged sale were to preserve the status of the Company's trade debtors, secure continuity of trade, minimise creditor claims and enhance the realisation of assets

It is considered that the strategy adopted has

- Allowed continuity of business to protect the debtors
- Enhanced asset realisations
- Enhanced the prospects of the secured and preferential creditors to be repaid in full
- Enhanced the prospects of a dividend being paid to the Company's unsecured creditors
- Protected employment of over 100 Manchester based employees

We consider that the purpose of the administration has been largely achieved due to the sale of the business, further details of which can be found in Appendix 4

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators, the principal matters to be dealt with in this respect are

- Collection of debtors
- Collection of £30,000 deferred consideration within 6 months of completion of the sale
- Completion of reports and reviews on a timely basis
- To conclude our statutory duties

Following the completion of these matters, we propose to finalise the distribution to the secured and preferential creditors

It is proposed that

- 1 The Joint Administrators propose to realise the assets and undertaking of the Company in such a manner as they consider appropriate with a view to achieving the purposes set out in Paragraph 3(1)(b) of Schedule B1 to the Insolvency Act 1986
- 2 The Joint Administrators propose in the interim to take all necessary actions to preserve the value of the Company's assets
- 3 In the event that the sale of the Company's assets either in whole or in part involves the disposal of assets subject to security and in the event that the Administrators cannot come to terms with the creditors concerned, the Administrators propose to apply to Court under the provisions of Paragraphs 70, 71 and 72 of Schedule B1 to the Insolvency Act 1986 to dispose of property which is subject to security as if it were not subject to security and goods which are under hire-purchase agreements as if all the rights of ownership under the agreement were vested with the Company
- 4 The Joint Administrators propose to be remunerated on the basis of their hourly costs at scale rates calculate on the time properly spent in the course of the administration and may draw their remuneration on account as and when funds permit

Remuneration drawn will be notified to any creditors' committee appointed under Paragraph 57 of Schedule B1 to the Act. The Joint Administrators will be reimbursed for their incidental expenses and be authorised to draw disbursements, including disbursements for services provided by their firm, in accordance with their firm's policy. In the absence of a creditors' committee, details of the time incurred and disbursements drawn will be reported to creditors in accordance with Statement of Insolvency Practice 9 issued by the Joint Insolvency Committee on behalf of the Administrators licensing bodies

A copy of this firm's policy note on fees and disbursements, to include details of the hourly rate charged by the relevant grades of staff, together with a summary of time costs are attached at Appendix 3

Full details of the Joint Administrators' proposed remuneration can be found in Section 10 of this report

- 5 If it transpires that there will be surplus funds from the Administration, the Joint Administrators propose to move from Administration to Creditors' Voluntary Liquidation under the provisions of Paragraph 83 of Schedule B1 to the Act. It is proposed that the Joint Administrators be appointed Joint Liquidators of the Company. In accordance with Paragraph 83(7) and Rule 2.117(3) of the Insolvency Rules 1986, creditors may nominate a different person to be Liquidator provided that the nomination is made after receipt of the proposals and before the proposals are approved
- 6 In the event that there are no surplus funds from the Administration, then as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, the Joint Administrators propose to apply for dissolution of the Company under the provisions of Paragraph 84 of Schedule B1 to the Act.
- 7 Once the administration is complete and the Joint Administrators think that the purpose of the administration has been achieved, then the creditors, in accordance with Paragraph 98(2) of Schedule B1 to the Act hereby consent to the Joint Administrators being discharged from liability in respect of any action as administrators. The discharge from liability will take effect from the date that the Joint Administrators cease to act
- 8 These proposals shall be subject to such modifications or conditions as the Court may approve or impose
- 9 The proposals are conditional upon the passing of a resolution set out in the correspondence between the creditors and the Administrators subject to such modifications as the Administrators may approve

Exit from Administration

Creditors Voluntary Liquidation

On present information we consider that there will be sufficient funds available to enable a dividend to be paid to the unsecured creditors of the Company, which is not a distribution of the prescribed part. As a result, the Joint Administrators shall take steps to place the Company into Creditors' Voluntary Liquidation

We have the power to make a distribution of the prescribed part to unsecured creditors in the administration but any other distribution to them requires the permission of court. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator

Should Creditors' Voluntary Liquidation be relevant, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 83 of Schedule B1 to the Act whereby on the registration of a notice sent to the Registrar of Companies, our appointment as administrators shall cease to have effect and the Company will automatically be placed into Creditors' Voluntary Liquidation. Paragraph 83(7) provides

The liquidators for the purpose of the winding up shall be-

- (a) A person nominated by the creditors of the Company in the prescribed manner and within the prescribed period, or
- (b) If no person is nominated under paragraph (a), the administrators

We confirm that as part of our proposals we propose that we act as Joint Liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors approval, with or without modification, of our proposals.

It is proposed that for the purpose of the winding up, any act required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of the persons for the time being holding office.

Dissolution

In the event that the Company has insufficient property to enable a distribution to be made to unsecured creditors, then as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 84 of Schedule B1 to the Act. Under these provisions, on the registration of a notice sent by us to the Registrar of Companies, our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the Company.

Extending the Administration

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

9. PRE-ADMINISTRATION COSTS

In the period before the Company entered administration, we carried out work ("the Work") consisting of the following:

- Liaising with the secured creditor on behalf of the Company
- Assistance with the negotiation of the sale of the business and assets
- Preparation of paperwork necessary to place the Company into administration
- Please refer to Appendix 4 of this report for further details of our involvement prior to our appointment

The Work was carried out pursuant to an agreement made between us and the directors of the Company. The Agreement provides for the payment of our fees and the discharge of expenses incurred by us (collectively referred to as "the pre-administration costs") in carrying out the Work.

The Work was carried out before the Company entered administration because it was quickly determined that the Company could not survive in its current state and therefore action was required to attempt to preserve the value of the business and assets. For these reasons we consider that the Work has furthered the achievement of the objective of administration being pursued, as without a viable sale of the business and assets, the Company would more than likely have entered into liquidation, which would have resulted in significantly lower realisations, resulting in less funds being available for the Company's creditors.

The pre-administration costs are broken down as follows

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	£19,294 00	£3,858 80	£23,152 80
Legal fees and disbursements	Drydens Fairfax	£6,011 00	£1,201 00	£7,212 00
Agents fees	Wignall Brownlow	£1,500 00	£300 00	£1,800 00
TOTAL PRE-ADMINISTRATION COSTS		£26,805 00	£5,359 80	£32,164 80

The pre-administration costs are unpaid and we are seeking that they be paid as an expense of the administration. Pursuant to Rule 2.67A of the Rules, approval to discharge such costs ("the unpaid pre-administration costs") as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, by way of a resolution of creditors. Payment of the unpaid pre-administration costs requires separate approval and is not part of our proposals subject to approval pursuant to Paragraph 53 of Schedule B1 to the Act.

In order to provide sufficient information to consider approval of the payment of the unpaid pre-administration costs, a Pre-Administration Time Costs Analysis and a pre-administration Time Costs Summary appear at Appendix 3. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged. They also provide an explanation of the work undertaken prior to our appointment.

10. REMUNERATION AND DISBURSEMENTS

Remuneration

We propose that the basis of our remuneration be fixed under Rule 2.106 of the Rules by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters as set out in the fees estimate.

It is for the creditors' committee to approve the basis of our remuneration under Rule 2.106 of the Rules, but if no such committee is appointed it will be for the creditors to determine.

Appendix 3 sets out our firm's hourly charge out rates, our fees estimate and the time that we and our staff have spent in attending to matters arising in the administration since 23 December 2015.

Disbursements

We propose that disbursements for services provided by our firm and/or entities within the Begbies Traynor group, be charged in accordance with our firm's policy, details of which are set out at Appendix 3. These disbursements will be identified by us and will be payable subject to the approval of those responsible for determining the basis of our remuneration.

Estimate of expenses

We are required by the Rules to provide creditors with details of the expenses that we consider will be, or are likely to be, incurred in the course of the administration. This information also appears at Appendix 3.

11 OTHER INFORMATION TO ASSIST CREDITORS

Report on the conduct of directors

We have a statutory duty to investigate the conduct of the directors and any person we consider to be or have been a shadow or de facto director during the period of three years before the date of our appointment, in relation to their management of the affairs of the Company and the causes of its failure. We are obliged to submit confidential reports to the Department for Business, Innovation and Skills.

As administrators of the Company we are required by best practice guidance to make enquiries of creditors as to whether they wish to raise any concerns regarding the way in which the Company's business was conducted prior to the commencement of the administration, or wish to bring to our attention any potential recoveries for the estate. If you would like to bring any such issues to our attention please do so in writing to the address detailed at Section 1 of this report. This request for information is standard practice and does not imply any criticism or cause of action against any person concerned in the management of the Company's affairs.

Connected party transactions

We have not been made aware of any sales of the Company's assets to connected parties.

12. CONCLUSION

Pursuant to paragraph 51 of Schedule B1 to the Act, our proposals will be considered at an initial meeting of the Company's creditors summoned in accordance with the Notice of meeting (Form 2 20B).

Subject to the approval of our proposals at the initial creditors' meeting we will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.


Paul Stanley
Joint Administrator

Date 28 January 2016

ACCOUNT OF RECEIPTS AND PAYMENTS

23 December 2015 to 28 January 2016

S of A £		£	£
	SECURED ASSETS		
1 00	Goodwill/MPR	1 00	
1,500,000 00	Book Debts	<u>689 400 20</u>	689 401 20
	SECURED CREDITORS		
(1,365,000 00)	Lloyds TSB Commercial Finance	<u>689 400 20</u>	(689,400 20)
	HIRE PURCHASE		
271,082 75	Assets held on Finance	NIL	
(422 200 87)	Finance Companies	<u>NIL</u>	NIL
	ASSET REALISATIONS		
1 00	Leasehold Property	1 00	
341 998 00	Plant, Machinery, Fixtures & Fittings	341,998 00	
50,000 00	Stock, Sellers Records & Contact Deta	<u>50,000 00</u>	391,999 00
	COST OF REALISATIONS		
	Agents/Valuers Fees (1)	1,500 00	
	Legal Fees	6,005 00	
	Legal Disbursements	6 00	
(62,000 00)	Warranty Liabilities	<u>62,000 00</u>	(69,511 00)
	PREFERENTIAL CREDITORS		
(8,000 00)	Pension Contributions	<u>NIL</u>	NIL
	UNSECURED CREDITORS		
(1,279 983 86)	Trade Creditors	NIL	
(505,000 00)	Directors	NIL	
(111,792 21)	HMRC (PAYE)	NIL	
(367,000 00)	HMRC (VAT)	NIL	
(685,779 00)	Landlord	NIL	
(171,909 60)	Former Landlord	<u>NIL</u>	NIL
	DISTRIBUTIONS		
(500,002 00)	Ordinary Shareholders	<u>NIL</u>	NIL
<u>(3,306,584 79)</u>			<u><u>322,489 00</u></u>

APPENDIX 2

DIRECTORS' STATEMENT OF AFFAIRS AS AT 23 December 2015

	Book Value £	Estimated to Realise £	£
ASSETS			
Goodwill/MPR	750	1	
Book Debts	1 827 747	1 500 000	
Lloyds TSB Commercial Finance		(1 365 000)	
		135 001	135 001
Assets held on Finance	271 083	271 083	
Finance Companies		(422 201)	
Deficiency c/d		(151 118)	
Leasehold Property	NIL		1
Plant, Machinery, Fixtures & Fittings	950 020		341 998
Stock, Sellers Records & Contact Details	60 000		50 000
Warranty Liabilities	NIL		(62 000)
			465 000
LIABILITIES			
PREFERENTIAL CREDITORS -			
Pension Contributions		8 000	
			8 000
			457 000
DEBTS SECURED BY FLOATING CHARGE PRE 15 SEPTEMBER 2003			
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS			
			NIL
			457 000
Estimated prescribed part of net property where applicable (to carry forward)			NIL
			457 000
DEBTS SECURED BY FLOATING CHARGE POST 15 SEPTEMBER 2003			
			NIL
			457 000
Estimated prescribed part of net property where applicable (brought down)			NIL
			457 000
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)			
Deficiency b/d		151 118	
Trade Creditors		1,279 984	
Directors		505 000	
HMRC (PAYE)		111 792	
HMRC (VAT)		367 000	
Landlord		685 779	
Former Landlord		171 910	
			3 272 583
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F C's post 14 September 2003)			(2 815 583)
			(2,815 583)
Issued and called up capital			
Ordinary Shareholders		500 002	
			500 002
TOTAL SURPLUS/(DEFICIENCY)			(3 315 585)

Thos Storey Fabrications Limited
A5 - Unsecured Creditors Statement of Affairs Figures

Key	Name	£	Key	Name	£
CA00	A1 Welding Equipment LTD	91 639.72	CH05	Hydrafit (Covenry) Limited	1 066.54
CA01	ADAN Limited	19 727.65	CH06	Heads Recruitment Ltd	2 204.99
CA02	Argus Fluidhandling LTD	13,341.82	CH08	HMRC (PAYE/NC)	111 782.21
CA03	Air Vane Compressors Limited	2,192.06	CH09	HMRC (VAT)	367 000.00
CA04	Airebearings Limited	8 359.39	CH0A	John Huggins	252 500.00
CA05	APH Computers LTD	330.00	CH00	Industrial & Hydraulic Services	273.84
CA06	ARCO LTD	314.14	CH01	Integrity Support Solutions Group	1 598.00
CA07	Frank Aspinall & Co	1 291.20	CH02	Improvement Development Growth Ltd	420.00
CA08	Assembly Techniques LTD	4 199.85	CH00	JBV Limited	1 295.96
CA09	Atlantic Steel Processing LTD	131 421.51	CH01	J M L Engineering Limited	804.12
CA0A	Automatic Data Processing LTD	552.70	CH03	JUK Cleaning Services Ltd	150.00
CA0B	Automated Water & Effluent LTD	399.60	CH04	JDS Trucks Ltd	1 034.22
CA0C	Awareness Software LTD	1 905.16	CH05	John Moore (Tractor Parts) Ltd	2 115.60
CA0D	AA & T Rentals	89.40	CH00	KS Drehtechnik Sauerland GmbH (Euros)	48.90
CA0E	Angel Business Communications Ltd	72.00	CH00	Laundry / Workwear Services Ltd	953.40
CA0F	Apogee	250.00	CH01	Laystall Engineering Co Ltd	12 671.46
CA0G	Autoscan	16.66	CH00	Manchester City Council	17 994.00
CA0I	Aspland Gauge Co Ltd	1 078.44	CH01	Wedge Group Gahanizing	20 212.24
CB00	Barnett Steel Specialist	43,485.28	CH02	Meadway Engineering Ltd	278.00
CB01	BMWVO Limited	1 077.48	CH03	AI C C Ltd	1 782.85
CB02	Becker Industrial Coatings LTD	685.92	CH04	Meridian Metal Trading Ltd	48 251.15
CB03	Bothof Fastenings LTD	1 702.70	CH05	Modern Engraving Limited	362.40
CB04	Bowman International LTD	1 392.00	CH06	MIP Filid UK Ltd	310.50
CB05	Bntofice Limited	61.21	CH00	Newquest	720.00
CB06	Brinksway Electro Plating LTD	946.63	CH01	Nilly Ltd Ltd	354.70
CB07	BOC Gases LTD A/C 2205981	28 607.60	CH00	Optimas Oe Solutions Ltd	904.84
CB08	C Brown & Sons (Steels) LTD	285 501.65	CH01	Oerlikon	178.00
CB09	Bystronic UK Limited	30,911.99	CH00	Prima Power UK Ltd	2 788.35
CB0B	Brunel Metrology Ltd	780.00	CH01	Par Group Ltd	3 858.72
CC00	Chris Bennett Haulage Limited	756.00	CH02	Parker Hantlin Ltd	13 821.96
CC01	Camthorne Industrial Supp LTD	11 916.49	CH04	Plastic Coatings Ltd	2 120.90
CC02	Canystil Materials Handling	88.76	CH00	Redford Design Ltd	387.00
CC03	Carl Sari Elk Ops	455.39	CH01	Related Fluid Power Ltd	22 903.61
CC04	Ceandess (Weberhampton) LTD	609.06	CH02	Rec Ltd	1 854.00
CC06	Cherry Products Limited	348.00	CH03	Reed Business Information	3 840.00
CC07	Clingfold Limited	239.04	CH00	Safety Klean UK Ltd	2 758.28
CC08	Cromadex (Manchester)	13 314.83	CH01	SC Office Supplies	1 132.42
CC09	Caremakers	20 773.68	CH02	Sidexgas	6 058.79
CC0A	CDS (NW) Ltd	1 842.11	CH04	Special Equipment Ltd	2,577.80
CC0B	Colour Craft Cov Ltd	254.00	CH05	Sprayplant UK Limited	3 517.97
CC0C	Confederate Chemicals	5 882.10	CH07	SSAB Turnplast AB	39 824.08
CC0D	Calds Ols Limited	206.40	CH08	Stauf UK Limited	946.53
CC0E	Concept (Metal Products) Ltd	1 528.80	CH09	Sar Lubricants	738.00
CC00	Dale & Co (Ancoates) LTD	649.06	CH0A	Summit Occupational Health & Safety Services L	350.00
CC02	Dorma UK Ltd	1 152.00	CH00	Trelleborg Sealing Sols LTD	5 400.00
CE00	Elesa (UK) LTD	299.02	CH01	Tata Steel UK LTD	24 261.24
CE01	Essentra Components Jarrow	3,213.53	CH02	Tasman Industries Ltd	79.80
CE02	Etemil Steels LTD	40 688.30	CH03	Taylor Electrical Distribution	712.09
CE03	European Tubes Limited	1 559.76	CH04	T E C Electric Motors Ltd	10 385.00
CE04	Excel Compressor Eng Ltd	390.00	CH05	The Bearing Mart	181.42
CE05	Elobau GmbH (Euros)	3 217.34	CH06	TNT UK Ltd	2 742.90
CE06	E & J Scott (Haulage) Ltd	240.00	CH07	TR Fastenings Ltd	1 717.38
CE07	Emo Oil Limited	260.40	CH08	Thos Storey Property Ltd	685 779.00
CE08	Fred Ellis	252,500.00	CH09	Thos Storey SSAS Pension Scheme	171 909.60
CF00	Farnworth & Langan Blackburn Ltd	93 425.83	CH0A	Trident Fire & Security Group Ltd	339.61
CF01	Fosseway Tapes & Findings Ltd	26.22	CH0B	Tyre Force NW Ltd	482.52
CF02	Freight Transport Association	141.90	CH0C	Tube-Tech Solutions Limited	720.00
CF03	Fuel Card Services Ltd	1 597.50	CH0D	Twin Ltd	558.00
CF04	FWB Products Ltd	370.20	CH00	Unnersat Pallet Services Ltd	3 015.00
CF05	Fiber Rubber Bonding (UK) Limited	1 920.24	CH01	UK Retail Recruitment	4 195.52
CF06	Fire Protection Consultants	1 718.60	CH02	United Utilities Water PLC	6 168.45
CG00	GDF Suez Marketing Ltd	17 543.96	CH01	Vapor Tek Limited	853.20
CG01	Global Manufacturing Supplies	43 654.54	CH02	Valspar Powder Coatings Ltd	5 124.00
CG02	Grommets Ltd	402.00	CH03	Verlon Limited Via Greentree	195.79
CG03	Gradwood	342.90	CH04	Van Leeuwen	151.69
CH00	Hall & Pickles 1812 Limited	2,025.54	CH00	Vindor Waste Management Ltd	2,791.44
CH01	Heads & All Threads Ltd	1 439.28	CH01	Westhaven Worldwide Logistics	12,741.60
CH03	Hub Le Bas	313.62	CH02	White Recycling Limited	180.00
CH04	Hydac Technology Limited	12,700.69	CH03	Weston Body Hardware Ltd	10 569.60
			CH04	WNT (UK) Ltd	1 154.84
				139 Entries Totalling	3,121 484.67

DIRECTORS' STATEMENT OF AFFAIRS

Notes to the Directors' Statement of Affairs

- 1 All of the Company's assets are subject to an all assets debenture granted in favour of Lloyds TSB Commercial Finance Limited created on 28 March 2012 and registered on 30 March 2012
- 2 The book debts are subject to an invoice discounting agreement with Lloyds Commercial Finance. In order to obtain the estimated to realise value of the book debts, known bad debts have been written off, with a 15% collectability provision being applied to the remainder
- 3 A number of assets are subject to various finance agreements with a number of finance companies. It is estimated that the finance companies will suffer a shortfall based on the figures provided, however we are aware that Thos Storey Fabrications Group Limited have indicated that they will adopt the finance agreements going forward
- 4 The Plant & Machinery, Fixtures & Fittings and Stock were independently valued by Messrs Wignall Brownlow LLP, and were sold to Thos Storey Fabrications Group Limited for £392,000
- 5 Part of the £392,000 consideration was formed by the adoption of potential warranty liabilities in the amount of £62,000
- 6 The preferential claims represent outstanding pension contributions as at 23 December 2015
- 7 The claim of HM Revenue & Customs represents PAYE and NIC outstanding since November 2015
- 8 The claim of HM Revenue & Customs represents VAT outstanding since May 2015
- 9 The claim of the landlord relates to dilapidations at the Company's trading premises, along with one month's unpaid rent for December 2015
- 10 The claim of the former landlord relates to dilapidations at the Company's former trading premises in Rugby
- 11 The claim of the directors relates to reduced salaries drawn by 2 of the directors of the Company between January 2010 and December 2015
- 12 Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed
- 13 The estimated total deficiency, including the calculation of the prescribed part of the Company's net property, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs

REMUNERATION AND EXPENSES

Total time spent to 28 January on this assignment amounts to 108.8 hours at an average composite rate of £254.77 per hour resulting in total time costs of £27,719.50

To assist creditors in determining this matter, the following further information appears in this appendix

- ☐ Begbies Traynor (Central) LLP's charging policy
- ☐ Pre-administration Time Costs Summary with Pre-Administration Time Costs Analysis attached
- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value
- ☐ The Administrators' fees estimate
- ☐ Details of the expenses that the Administrators consider will be, or are likely to be, incurred

In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2015' which provides guidance on creditors' rights can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

Finally, the Association of Business Recovery Professionals (R3) has set up a website that contains a step-by-step guide designed to help creditors navigate their way through an insolvency process which includes information in relation to remuneration. You can access the website at the following address <http://www.creditorinsolvencyguide.co.uk/>

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance² indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories.

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval)

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting,
- Car mileage is charged at the rate of 45 pence per mile,
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Manchester office as at the date of this report are as follows

Grade of staff	Charge-out rate (£ per hour) 1 May 2011 – until further notice
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee	110
Administrator	
Support	110

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units

PRE ADMINISTRATION TIME COSTS SUMMARY

CASE NAME Thos Storey Fabrications Limited
CASE TYPE ADMINISTRATION
OFFICE HOLDERS Paul Stanley AND Jason Dean Greenhalgh
DATE OF APPOINTMENT 23 December 2015

1 CASE OVERVIEW

1.1 This overview is intended to provide sufficient information to enable the body responsible for the approval of pre-administration costs to consider the level of those costs in the context of the case

1.2 Time costs information

Details of the time spent by each grade of staff prior to the appointment of the administrators and the overall average hourly charge out rate for the pre-administration work are set out in the table below

	Partner	Senior Manager	Senior Administrator	Administrator	Office Administrator	Total Hours	Time Costs	Average Hourly Rate
Hourly Rate	395	310	175	135	60			
Pre-Appointment Time	16.8	22.7	26.3	7.1	1.0	73.9	19,294	261.08

Full details of the work undertaken by the administrators and their staff prior to appointment are set out below and in the Administrators' Statement of Proposals

1.3 Overview of work undertaken prior to appointment

In the period before the Company entered administration, we carried out work which consisted of the following

- Liaising with the secured creditor on behalf of the Company
- Assistance with the negotiation of the sale of the business and assets
- Preparation of paperwork necessary to place the Company into administration
- Please refer to Appendix 4 of the Administrators' Proposals for further details of our involvement prior to our appointment

1.4 Complexity of work undertaken prior to appointment

The Joint Administrators and their staff spent a considerable amount of time dealing with the complexities of the sale of the Company's business and assets in order to provide the best result for the Company's creditors as a whole. In addition, a large amount of time was spent

formulating a proposal to put forward to the secured creditor in relation to the proposed sale in order to fully outline the position in respect of both an administration and liquidation scenario

1 5 Exceptional responsibilities

There have been no exceptional responsibilities in relation to the pre-appointment work

1 6 The proposed Administrators' effectiveness

Please refer to the report and proposals for the administrators' effectiveness in the pre-appointment phase

1 7 The views of the creditors

The Joint Administrators consulted with the secured creditor of the Company prior to their appointment. The secured creditor consented to the proposed sale of the Company's business and assets

1 8 Approval of fees, expenses and disbursements incurred in the period prior to appointment

The Administrators are seeking a resolution in relation to their pre-administration costs as follows: that the unpaid pre-administration costs detailed in the Joint Administrators' Statement of Proposals for achieving the purpose of administration, be approved for payment

1 9 Expenses and disbursements incurred in the period prior to appointment where payment is proposed to be made to Begbies Traynor and/or another entity with Begbies Traynor Group

Category 2 Disbursements

Pursuant to the resolution being sought in relation to the unpaid pre-administration costs, the following Category 2 disbursements and disbursements which should be treated as Category 2 disbursements are proposed to be charged in relation to the period prior to appointment

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage – meeting on site with the directors	£3 15
TOTAL	£3 15

1 10 Other professionals employed & their costs

An independent agent was instructed by the proposed administrators to carry out a valuation of the Company's assets. The agent instructed has previously been instructed by Begbies Traynor (Central) LLP and has always provided a satisfactory service. Their fees for carrying out the work on behalf of the Joint Administrators are £1,500 plus VAT.

A solicitor was instructed by the proposed administrators to assist with the sale of the business and assets of the Company. The solicitor instructed has previously been instructed by Begbies Traynor (Central) LLP and has always provided a satisfactory service. The secured creditor also consented to the instruction of the solicitor. Their fee for their assistance to the Joint Administrators is £6,005 plus VAT and disbursements of £6 plus VAT.

1 11 Staffing and management

The majority of the negotiations were handled by partners of the firm, with managers and administrators being responsible for the day to day handling of the case prior to the appointment of the Joint Administrators.

Thos Storey Fabrications Limited

SUMMARY OF TIME COSTS AND EXPENSES

This summary, which should be read in conjunction with the Time Costs Analysis attached, is intended to provide sufficient information to enable the body responsible for the approval of our fees to consider the level of our fees and expenses in the context of the case

What work has been done in the period of the report since we were appointed, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details> Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached

General case administration and planning

Since appointment, the Joint Administrators and their staff have prepared the various documents required following appointment, and have formulated a strategy going forward in order to satisfy the purpose of the administration. A senior manager, senior administrator and administrator shall be handling the day to day running of the administration going forward, with partner input as and when required

Compliance with the Insolvency Act, Rules and best practice

The Joint Administrators and their staff have prepared all of the statutory documents required by the Act, included the information provided to creditors under SIP16, which was sent to all known creditors on 29 December 2015

The Joint Administrators have also prepared their statement of Proposals in line with the Act

Realisation of assets

Immediately following the Joint Administrators' appointment, the sale of the business and assets of the Company to Thos Storey Fabrications Group Limited completed. The Joint Administrators have been dealing with their agents and their solicitor in relation to various post completion matters since appointment

Dealing with all creditors' claims (including employees), correspondence and distributions

As outlined above, the Joint Administrators have written to all creditors following the sale of the Company's assets. Creditors have been asked to provide details of any funds due to them by the Company

A large number of calls have been received from creditors, which have been handled by the senior administrator and administrator who handle the case on a day to day basis. A number of issues have been raised with regard to retention of title over stock that was provided to the Company prior to our appointment, which has resulted in a number of emails being exchanged with the administrators' staff,

the employees of Thos Storey Fabrications Group Limited, and the creditors who are claiming retention of title

The staff have also received a number of claims to date which have been reviewed alongside the company records and added to our system

Time Costs Analysis

An analysis of time costs is attached showing the time spent by each grade of staff on the different types of work involved in the case, and giving the total costs and average hourly rate charged for each work type

Please note that the analysis provides details of the work undertaken by us and our staff following our appointment only

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

General case administration and planning

The Joint Administrators and their staff will continue to handle day to day matters regarding the administration, and will undertake timely reviews to ensure that progress is being made to ensure that the purpose of the administration may be achieved

Compliance with the Insolvency Act, Rules and best practice

The Joint Administrators are required to prepare a progress report for creditors after they have been in office for 6 months. This will provide creditors with a detailed update on matters that have transpired since the appointment of the Joint Administrators. This progress report will also contain details of the Joint Administrators' receipts and payments for that period, which will enable creditors to establish the funds available to the Joint Administrators

Investigations

The Joint Administrators are required to submit a report to the Insolvency Service on the conduct of the Company's current directors and all directors who have held office in the past 3 years within 6 months of their appointment. The Joint Administrators will commence investigations shortly

It is unlikely that this will be of financial benefit for creditors, however in the event that our investigations uncover any matters that may be of financial benefit, this will be reported in our progress report outlined above

Realisation of assets

The Joint Administrators will take steps to monitor the Company's debtor position throughout their appointment, with the assistance of the Bank and the purchasing company. In the event that there are any problem debtors, the Joint Administrators will take steps to pursue the debtors in order to maximise realisations for the benefit of the creditors as a whole

Creditors will be aware that the Company's physical assets were sold on appointment as per the information provided to them on 29 December 2015

Dealing with all creditors' claims (including employees), correspondence and distributions

The Joint Administrators and their staff will take steps to deal with all creditor claims and correspondence in a timely manner going forward

Other matters which includes meetings, tax, litigation, pensions and travel

The Joint Administrators will be required to liaise with HM Revenue & Customs in relation to the Company's VAT position going forward. They will be preparing VAT returns to be submitted in a timely manner, and also preparing annual Corporation Tax returns where applicable.

How much will this further work cost?

Details of the Joint Administrators' anticipated fees and disbursements may be found in the Appendix below, entitled 'The Administrators' Fee Estimate'.

SIP9 Thos Storey Fabrications Limit - Administration - 10TH512.ADM : Time Costs Analysis From 23/12/2015 To 28/01/2016

Staff Grade	Partner	Director	Sr Mngr	Mngr	Asst Mngr	Sr Admin	Admin	Jnr Admin	Support	Total Hours	Thrs Cost £	Average hourly rate £
General Case Administration and Planning	9.8		0.9			0.4				11.2	4,259.50	380.31
Administration	1.7		0.2						5.0	6.9	1,033.50	149.70
Total for General Case Administration and Planning	11.5		1.1			0.4			5.0	18.0	7,293.00	405.17
Compliance with the Insolvency Act, Rules and best practice	7.8		2.3			7.5				17.7	5,148.00	289.73
Appointment												
Banking and Bonding			1.4			1.3			1.1	3.8	782.50	205.92
Case Closure												0.00
Statutory reporting and statement of affairs			4.3			11.9	1.5			17.7	3,818.00	204.41
Total for Compliance with the Insolvency Act, Rules and best practice	7.8		5.0			20.7	1.5			35.2	9,548.50	243.53
Investigations	1.0									1.0	395.00	395.00
CCDA and investigations												
Total for Investigations	1.0									1.0	395.00	395.00
Realisation of assets												
Debt collection			1.8			5.1				6.9	1,450.50	210.22
Property business and asset sales	7.1		0.2			2.9				10.2	3,374.00	330.76
Retention of Title/Third party assets												0.00
Total for Realisation of assets	7.1		2.0			8.0				17.1	4,824.50	282.13
Trading												0.00
Total for Trading												0.00
Dealing with all creditors claims (including employees), correspondence and distributions	2.0		11.4			1.5	5.1			1.5	282.50	175.00
Secured												
Others						13.1				31.6	7,305.00	231.17
Creditors committee												0.00
Total for Dealing with all creditors claims (including employees), correspondence and distributions	2.0		11.4			14.6	5.1			33.1	7,587.50	229.53
Other matters which includes meetings, tax, litigation, pensions and travel												0.00
Meetings												
Other			0.3						0.3	0.3	93.00	310.00
Tax												0.00
Litigation												0.00
Total for Other matters			0.3							0.3	93.00	310.00
Total hours by staff grade	29.6		22.8			43.7	6.6		6.1	108.8		
Total time cost by staff grade	11,692.00		7,088.00			7,647.50	851.00		421.00	27,718.50		
Average hourly rate £	395.00	0.00	310.00	0.00	0.00	175.00	135.00	0.00	69.02			254.77
Total fees drawn to date £										0.00		

THOS. STOREY FABRICATIONS LIMITED**THE ADMINISTRATORS' FEES ESTIMATE**

Further to our appointment as administrators, we are seeking to be remunerated on a time costs basis. Details of our firm's hourly charge-out rates are set out in the charging policy which accompanies this estimate. Prior to creditors determining the basis upon which we are to be remunerated, we are obliged to produce a fees estimate and to provide it to each creditor of whose details we are aware so that it can be approved at the same time as the basis of our remuneration.

Our fees estimate for the administration is set out below. Please note that blended hourly rates have been used which take account of the various levels of staff that are likely to undertake each area of work. These can be seen in the average hourly rate column.

Details of the work that the administrators and their staff propose to undertake	Hours	Time cost £'000	Average hourly rate £
General case administration and planning	125	24	192.00
Compliance with the Insolvency Act, Rules and best practice	80	15	187.50
Investigations	25	5	200.00
Realisation of assets	125	25	200.00
Dealing with all creditors' claims (including employees), correspondence and distributions	110	23	209.09
Other matters which includes meetings, tax, litigation, pensions and travel	25	5	200.00
Total hours	490		
Total time costs		97	
Overall average hourly rate £			197.96

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any work that is to be undertaken in any insolvency procedure following the administration.

Should creditors require further information on how this estimate has been produced this can be obtained from our website at <http://www.begbies-traynorgroup.com/fee-estimates>

A more detailed explanation of the work that falls into the categories mentioned in the table above can be obtained from our website at <http://www.begbies-traynorgroup.com/work-details>

Dated 28 January 2016

THOS. STOREY FABRICATIONS LIMITED

**DETAILS OF THE EXPENSES THAT THE ADMINISTRATORS CONSIDER WILL BE, OR ARE LIKELY
TO BE INCURRED DURING THE COURSE OF THE ADMINISTRATION**

No	Type of expense	Description	Estimate £
1	Advertisements	Of appointment, meetings, dividends etc	£338 40
2	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds	£100
3	Property agent's valuation fees	The fees in relation to Wignall Brownlow LLP's valuation on behalf of the Joint Administrators	£1,500
4	Legal fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements	£10,000
5	Debt collection fees and disbursements	The fees of any third party instructed by the Insolvency Practitioner to assist with the collection of the debts of the insolvent entity and their anticipated disbursements	£5,000
6	Travel	For meetings with the directors, the Company, the purchaser, the secured creditor	£100

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any expenses that will or may be incurred in any insolvency procedure following the administration

SIP 16 STATEMENT

APPENDIX

SIP 16 Statement

THOS STOREY FABRICATIONS LIMITED (In Administration) ("the Company")

INFORMATION ABOUT THE COMPANY AND THE PRE-PACKAGED SALE OF THE COMPANY'S ASSETS AND UNDERTAKING ON 23 DECEMBER 2015

Background Information

Our proposals for achieving the purpose of the administration which will be sent to creditors as soon as practicable will provide detailed information in relation to the Company. The following background information is provided to assist creditors who may have limited knowledge of the Company and its affairs to better understand the reasons for the pre-packaged sale.

The Company is one of the largest suppliers of steel fabricated products in the UK. The Company was incorporated in 2003 and has successfully traded for over 12 years. The Company trades from its registered office in Openshaw, and has built strong relationships with a number of major clients over the years.

The Company currently employs over 100 staff. As outlined below, a major benefit of the pre-packaged sale of the Company's assets is that all of the employees will retain their jobs.

The reasons for the Company's insolvency

In July 2015, due to difficult trading circumstances, the Company made an arrangement with HM Revenue & Customs in relation to VAT that had not yet been paid. In September 2015, one of the Company's major customers enforced some significant cutbacks, which had a severely detrimental effect on the business of the Company. There was a drop in demand for the parts that were supplied, which led to severe overstocking. The Company's margins were affected, leading to the redundancy of 30 members of staff between October and December 2015. Significant redundancy costs were incurred.

The Company prepared cashflow forecasts for 2016, however it was clear that, due to the decrease in orders and other issues outlined above, it would have been difficult to continue successfully trading.

All of the above has put huge financial pressure on the Company, therefore the directors have concluded that the Company is unable to pay its debts as and when they fall due.

The reasons for the pre-packaged sale

In our opinion, the pre-packaged sale offered the best option for the Company's creditors.

The Joint Administrators met with the directors and management to discuss the financial position of the Company and the available options.

Due to the financial position of the Company, the directors began discussions with Thomas Storey Fabrications Group Limited ("TSF"), a newly formed, unconnected company, with a view to them purchasing the assets, stock and goodwill of the Company. Following our instruction by the Company, TSF progressed with their interest, and discussions regarding the sale commenced with the proposed Administrators.

The only real alternative to exploring the sale of the business and assets as part of a pre-packaged sale was to cease the business, and face the prospect of virtually all customer orders being incomplete. A forced sale of the assets would have been required, whilst creditor claims have been significantly reduced by allowing the order book to be continued by TSF.

It was recognised that a sale of the business and assets as a going concern would help to maximise asset recoveries, allow for the Company's debtors to continue to be collected by TSF (which would protect the position of the Secured Creditor who holds a fixed charge/assignment over the Company's debtors), and allow for the continuity of orders to be maintained. In addition, the jobs of over 100 employees would be preserved which would minimise creditor claims by around £800,000.

As the Bank was the major creditor in this matter and held a fixed charge/assignment over the Company's book debts along with a number of other financed assets, the outline of the proposed transaction was put forward to the Bank to consider their views. The Bank did not object to the proposed transaction and consented to the appointment of the Joint Administrators.

The sale was also discussed with the landlord who was likely to have a claim of around £750,000 if the lease was terminated.

The Joint Administrators commenced negotiations with TSF in relation to the potential sale. TSF submitted their offer which following negotiation was concluded on Wednesday 23rd December 2015. Further details of the sale are provided below.

The benefits to creditors of the sale to TSF include the following -

- 110 jobs saved
- Significantly reduced employee claims
- Continuity of the business to protect the debtors
- Continuity of the business to allow customer orders to be fulfilled
- Secured creditors likely to receive a dividend of 100p in the £
- Greater prospect of a realisation to unsecured creditors
- HP creditors to have continuity with the purchaser and suffer no loss on sale (thus reducing claims)
- Preferential creditors re pension arrears to be paid in full
- Agreement with landlord and senior management to waive any dividend rights in respect of future rent, dilapidations and service charge

The statutory purpose of administration that was pursued

The statutory purpose of administration that was pursued was that specified in Paragraph 3(1)(b) of Schedule B1 to the Insolvency Act 1986, namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up. We have provided the secured creditor with an comparative estimated outcome statement showing the comparisons between what would have been achieved if the Company had entered into Creditors' Voluntary Liquidation. The outcome statement showed no prospect of a dividend to unsecured creditors in a liquidation scenario, compared with a reasonable prospect of a dividend in the event that the pre-packaged sale of the Company's assets could be completed. The business will be continued, which will enable debtor recoveries to be maximised, which will provide the best chance for the secured creditor to be repaid in full.

The Joint Administrators would have been unable to achieve the purpose set out in Paragraph 3(1)(a) (rescuing the Company as a going concern), as there are insufficient funds to enable trading to be continued.

FURTHER INFORMATION IN RELATION TO THE PRE-PACKAGED SALE

Who was the source of Begbies Traynor (Central) LLP's initial introduction to the Company?

The proposed administrators were contacted by the directors of the Company

What was the extent of Paul Stanley and Jason Dean Greenhalgh, their associates and Begbies Traynor (Central) LLP's involvement with the Company before appointment?

The proposed administrators were contacted by the directors of the Company in December 2015. Begbies Traynor (Central) LLP carried out a review of the Company's business and provided advice in relation to its options going forward.

Prior to their appointment the proposed administrators advised the Company and not the directors on their personal position, the directors were encouraged to take independent advice. The Joint Administrators also confirm that they have had no prior personal or professional relationships with any of the Company's directors, employees or shareholders.

Please note that negotiations with the purchaser in relation to the pre-packaged sale were conducted by Paul Stanley and Jason Dean Greenhalgh prior to their formal appointment as administrators and not by the directors of the Company. It was made clear to the directors that once Paul Stanley and Jason Dean Greenhalgh were appointed as administrators that their responsibilities would be to act in the best interests of the Company's creditors. This would mean that they could no longer provide advice to the Company and that their duties to the Company would cease. They would be required to take custody or control of the Company's property and assets and to manage the affairs, business and property of the Company in accordance with the approved proposals of the administrators.

Was the business or were the assets of the Company acquired from an insolvency practitioner prior to this pre-packaged sale?

The business and assets have not previously been acquired from an insolvency practitioner. The Company has successfully traded for over 12 years prior to entering into administration.

Details of the marketing of the business and assets of the Company that were undertaken prior to the pre-packaged sale

The Company and the proposed administrators did not undertake any marketing of the business and assets prior to the pre-packaged sale for the following reasons -

- Severe detrimental effect on both the business and the customer base
- Maintain ongoing relationships with a number of major customers to allow the business to continue
- Uncertainty for Company's employees
- Concern that there was a real risk that the Company's competitors may have approached the Company's client base without the need to purchase the business and assets in the event that they were made aware of the opportunity via marketing
- Improved debtor realisations by allowing TSF to continue the business and collect the debts
- Continued relationships with leasing companies in relation to the leased plant and machinery
- Increased fees following the marketing process which would have impacted on the amount available to the Company's creditors

What valuations of the Company's undertaking and assets were obtained?

An independent valuation of the Company's assets was undertaken by Wignall Brownlow LLP, Chartered Surveyors. Wignall Brownlow LLP are an independent firm of agents who carry adequate professional indemnity insurance. The valuation provided is broken down as follows:

<u>Categories of Assets</u>	<u>Valuation £</u>
Stock	£60,000 - £70,000
Plant and Machinery	£320,000 - £450,000

What security (if any) has the Company provided to its creditors?

No security has been provided by the Company to any of its creditors

What alternative courses of action were considered by Paul Stanley and Jason Dean Greenhalgh?

As outlined above, the alternatives of Creditors' Voluntary Liquidation and Company Voluntary Arrangement were considered by the directors and the Joint Administrators, however the pre-packaged sale was deemed to be the most appropriate course of action

It was clear that if the sale was not completed then the business would have ceased, and the outstanding orders would not have been completed. Furthermore, the realisation of the debtors would have been significantly reduced which would have had a severe detrimental effect on the funds that would have been available for creditors. With a sale of the Company's business and assets it has enabled a continuation of the business which will enhance collection of the trade debtors.

In the alternative scenario of a liquidation, it is considered that further significant claims would have been made, the outstanding orders would not have been completed, and most importantly it would have resulted in the loss of 110 Manchester based jobs, which the Company and Joint Administrators were eager to avoid.

Why was it not appropriate to trade the business during the administration in order to offer it for sale as a going concern?

No funding was available for the Joint Administrators to trade the business during the administration, especially given the likely termination of supply contracts with the three major customers.

What requests were made to potential funders to fund working capital requirements during the administration?

There were no potential funders that the directors or the proposed Administrators were aware of that would have provided financial assistance during the administration.

What efforts were made to consult major creditors?

Details of the potential sale were discussed with the Company's secured creditor, Lloyds Bank Commercial Finance Limited, the landlord and the two members of senior management who had service contracts and were not to be taken on by the purchaser. An estimated outcome statement showing the comparisons between an administration and a liquidation situation was presented to them. These creditors raised no issues in relation to the proposed sale.

What was the date of the transaction?

23rd December 2015

What were the assets sold and what was the nature of the transaction?

All of the Company's plant and machinery used in the steel fabrication process was sold as part of the pre-packaged sale. All assets are located at the Stainburn Road address.

The Company's physical stock levels are relatively low, as any steel that comes into the factory is normally put straight onto the production line. There are however a number of Spread-a-bales located at the premises, that form part of the Company's stock.

What was the consideration for the sale, including payment terms, and other conditions of the contract that could materially affect the consideration?

A breakdown of the consideration paid for the assets is as follows:

Goodwill / Intellectual Property Rights - £1

Plant and Machinery - £341,998

Stock - £50,000

Leasehold Property (assigned to purchaser) - £1

Is the sale part of a wider transaction? If so a description of the other aspects of the transaction

No

Who was the purchaser?

Thos Storey Fabrications Group Limited

Is there a connection between the purchaser and the directors, shareholders or secured creditors of the Company or their associates?

The joint administrators are not aware of any connection between the purchaser and the directors, shareholders or secured creditors of the Company or their associates. The purchaser has confirmed in particular that the two major shareholders and most senior board members are not involved in the new venture.

Are any directors, or former directors, of the Company or their associates involved in the management, financing or ownership of the purchaser, or of any other entity into which any of the assets have been transferred? If so, who are they?

From information obtained at Companies House and from information provided by the directors, the joint administrators are not aware of the directors, or former directors of the Company being involved in the management of the purchaser or any other entity into which the assets have been transferred.

Had any directors of the Company given guarantees for amounts due from the Company to a prior financier? Is that financier financing the new business?

As far as the Joint Administrators are aware, none of the purchaser's directors have provided the Bank with a guarantee in respect of the funds owed to them. We are not aware that the Bank is financing the new business.

What options, buy-back arrangements, deferred consideration or other conditions are attached to the contract of sale?

£30,000 of the purchaser price was deferred. In addition, the purchaser agreed to provide up to £62,000 of assistance in debt collection and resolutions of product warranty issues.