

The Insolvency Act 1986

Notice of move from administration to dissolution

Name of Company
IS Management Receivables 2014 Ltd
(formerly itmsoil Management Limited) (in
administration)

Company number
05508386

In the
Royal Courts of Justice, Chancery Division,
Companies Court

[full name of court]

Court case number
307 of 2014

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

~~1/~~ We (a) Kirstie Jane Provan and Mark Robert Fry both of Begbies Traynor (Central) LLP, 31st Floor, 40 Bank Street, London, E14 5NR

(b) Insert name and address of
registered office of company
(c) Insert date of appointment

having been appointed Administrator(s) of (b) IS Management Receivables 2014 Ltd (formerly itmsoil Management Limited) (in administration), c/o Begbies Traynor (Central) LLP, 31st Floor, 40 Bank Street London, E14 5NR

on (c) 21 January 2014 by (d) application to Court by JPPC Services Limited

(d) Insert name of
applicant / appointor

hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 apply

~~1/~~ We attach a copy of the final progress report

Signed

[Signature]
Joint Administrator

Dated

17 JANUARY 2015

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 searchers of the public record.

Begbies Traynor (Central) LLP

31st Floor, 40 Bank Street, London, E14 5NR

Tel Number 020 7516 1500

Fax Number 020 7516 1501 (Fax)

DX Number

THURSDAY



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COMPANIES HOUSE

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

Kirstie Jane Provan and Mark Robert Fry appointed Administrators on 21 January 2014

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

IS Management Receivables 2014 Ltd (formerly itmsoil Management Limited) (in administration)

Final Progress Report of the Administrators pursuant to
Rules 2.47 and 2.110 of The Insolvency Rules 1986

Period: 21 July 2014 to 9 January 2015

Important Notice

This final progress report has been produced by the Administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. 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

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	IS Management Receivables 2014 Ltd (formerly itmsoil Management Limited) (in administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 21 January 2014
"the Administrators", "we", "our", "us"	Kirstie Jane Provan and Mark Robert Fry, both of Begbies Traynor (Central) LLP, 31st Floor, 40 Bank Street, London, E14 5NR (formerly 32 Cornhill, London, EC3V 3BT)
"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"	<ul style="list-style-type: none">(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	IS Management Receivables 2014 Ltd (formerly itmsoil Management Limited) (in administration)
Trading names	itmsoil Management Limited
Date of Incorporation	14 July 2005
Company registered number	05508386
Company registered office	31st Floor, 40 Bank Street, London, E14 5NR (formerly 32 Cornhill, London, EC3V 3BT)

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of Administrators	Kirstie Jane Provan and Mark Robert Fry, both Licensed Insolvency Practitioners of Begbies Traynor (Central) LLP, 31st Floor, 40 Bank Street, London, E14 5NR
Date of appointment	21 January 2014
Date of resignation	Not applicable
Court	Royal Courts of Justice
Court Case Number	307 of 2014
Person making appointment / application	JPPC Services Limited
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.
Extensions of the administration period	There have been no extensions to the administration period.

Exit from administration

Once the Notice of move from administration to dissolution (Form 2 35B) has been registered at Companies House (which the Administrators anticipate shortly), their appointment as Administrators will cease to have effect and, unless the Court makes an order otherwise, the Company will be deemed to be dissolved at the end of the period of three months from the date of registration of the notice

This is the Administrators' final progress report on the conduct of the administration and should be read in conjunction with the Administrators' Statement of Proposals dated 13 February 2014 (**"the Proposals"**) and progress report dated 15 August 2014, sent to all creditors

4. SUMMARY OF THE CONDUCT OF THE ADMINISTRATION INCLUDING RECEIPTS AND PAYMENTS

BACKGROUND TO THE ADMINISTRATION

The background information to the administration has previously been provided in the Proposals but the pertinent points are set out below. The Company forms part of a wider group of companies, which includes the companies listed below, and which is known as the itmsoil Group

- IS Services Receivables 2014 Ltd (formerly known as itmsoil Services Limited) (in administration) (**"Services"**)
 - IS Instruments Receivables 2014 Ltd (formerly known as itmsoil Instruments Limited) (in administration) (**"Instruments"**)
 - IS Property Receivables 2014 Ltd (formerly known as itmsoil Property Limited) (in administration) (**"Property"**)
 - IS Group Receivables 2014 Ltd (formerly known as itmsoil Group Limited) (in administration) (**"Groupco"**)
- (collectively termed **"the Companies"**)

The principle income streams of the itmsoil Group were generated from large scale engineering projects, which included contracted works on the Crossrail project in London (**"the Crossrail Contract"**) and the redevelopment and upgrade of Victoria Station in London (**"the VSU Contract"**)

The Companies began to experience financial difficulties during 2013 predominantly as a consequence of contractual disputes within Services and the subsequent withholding of revenues in respect of the Crossrail and VSU Contracts, which significantly contributed towards a cash flow crisis across the itmsoil Group

On 17 October 2013, given the position in respect of the withheld recoveries, BTG Financial Consulting LLP (**"BTGFC"**) (a division of the Begbies Traynor Group plc) were engaged under a joint duty of care by the Company and its bankers, Barclays Bank PLC (**"Barclays"**), to carry out a cash flow and viability review of the itmsoil Group. In November 2013 BTGFC were engaged by the itmsoil Group to conduct an accelerated merger and acquisition (**"AMA"**) process in respect of the business and assets of the Companies, with a view to achieving a sale of all or part of the itmsoil Group. Two offers were received, of which one was accepted but later aborted in December 2013.

On 5 December 2013, a new working capital facility was agreed with a new funder JPPC Services Ltd (**"JPPC"**) who, as part of the new facilities, took an assignment of the Companies' existing debt and security arrangements which were in place with Barclays.

During this period, the Companies continued to experience severe creditor pressure, which culminated in the presentation of winding-up petitions being filed by two separate creditors against Services and Groupco. In addition, on 6 January 2014 HM Revenue and Customs (**"HMRC"**) served demands on the Companies (excluding Services) in respect of outstanding amounts due and threatened the presentation of winding-up petitions in the event that payment in full was not made by 13 January 2014. Each of the

Companies was part of a VAT Group, and was jointly and severally liable for VAT amounts due and accordingly it was likely that any action taken by HMRC would be taken concurrently against each of the Companies

The itmsoil Group was not in a position to enable payments to be made in respect of the HMRC arrears, and at this stage there were also additional trade creditors who had threatened to take action against one or more of the Companies in relation to outstanding payments. It was clear that, despite new funding facilities being in place, the financial position of the Companies was untenable, and the Companies were unable to meet their liabilities as and when they fell due rendering them insolvent on a cash flow basis. In the light of this, an application to Court was made by JPPC for the appointment of Kirstie Jane Provan and Mark Robert Fry of Begbies Traynor (Central) LLP ("**the Firm**") as Administrators of the Companies and the administration orders were made on 21 January 2014

CONDUCT OF THE ADMINISTRATION

Pre-packaged sale of the business and assets

During the period between the filing of the application detailed above and the making of the administration orders, the proposed Administrators sought to negotiate and agree a sale of the business and assets of the Companies in order to maximise the position for stakeholders of the Companies. The proposed purchaser was connected to the party who had initially expressed an interest and made the first offer during the AMA process

The business and assets of the Company were subsequently sold as a going concern to Soil Instruments Ltd (formerly known as Highfield Glen Ltd) ("**HGL**") for an amount of £5,014. The sale was part of a wider transaction encompassing the sale of the business and assets of Instruments and Groupco to HGL and the sale of the business and assets of Services to itmsoil Monitoring Ltd (formerly known as Trinity Fisher Limited) ("**TFL**"). The effective date of the sale is 21 January 2014. Details of the transaction and the assets sold are provided in the receipts and payments account below

TFL and HGL were granted a licence for the period 21 January 2014 to 7 July 2014 ("**the Licence**") to occupy the Company's former trading premises at Bell Lane, Uckfield ("**the Premises**"). The Licence was subsequently extended from 8 July 2014 to 20 July 2014 and thereafter, a new short form lease was put in place between Property and TFL and HGL for the period of 21 July 2014 to the date of the sale of the Premises, which was 5 November 2014

Creditors of the Company have already been provided with information on the pre-packaged sale of the Company's business and assets and the work undertaken in the period prior to the appointment of the Administrators by letter dated 24 January 2014 and in the Proposals

ABSTRACT OF RECEIPTS & PAYMENTS ACCOUNT

Attached at **Appendix 1** is the Administrators' abstract of receipts and payments from the commencement of the administration, 21 January 2014, to 9 January 2015, incorporating an account of the final period of the administration since the period covered in the progress report, from 21 July 2014 to 9 January 2015 ("**the Account**"). The Administrators' comments on the items appearing in the Account are detailed below, split as follows

- 'Assets Specifically Pledged', which are wholly subject to the prior claims of the secured creditor JPPC, under the fixed charge element of its security, and
- 'Assets Not Specifically Pledged', which are subject to floating charges in favour of JPPC but which are subject to the prior claims of any preferential creditors, and in part, the unsecured creditors by virtue of the prescribed part provisions (see **Section 5** below)

The Company is registered for VAT purposes and, where relevant, amounts are stated net of VAT. The estimated outcome to creditors is dealt with in more detail at **Section 5**

RECEIPTS – ASSETS SPECIFICALLY PLEDGED

Information Technology and Goodwill

An amount of £5,001 has been received from HGL in respect of the consideration paid for the benefit of the Company's information technology and goodwill

Intellectual Property Rights

An amount of £1 has been received from HGL in respect of the consideration paid for the benefit of the Company's intellectual property rights

PAYMENTS – ASSETS SPECIFICALLY PLEDGED**Administrators' Pre-administration Fees**

An amount of £3,895 has been paid to the Firm in respect of the Administrators' pre-administration costs, in accordance with a resolution obtained pursuant to Rule 2.67A of the Rules, from the secured creditor, JPPC. Further information in this regard is provided at **Section 6** below

Administrators' Pre-administration Disbursements

An amount of £4 has been paid to the Firm in respect of the Administrators' pre-administration disbursements, in accordance with a resolution obtained pursuant to Rule 2.67A of the Rules, from the secured creditor, JPPC. Further information in this regard is provided at **Section 6** below

Agents' Fees

An amount of £500 has been paid to independent professional valuation agents, Winterhill Largo PLC ("**Winterhill**"), who were instructed prior to the Administrators' appointment to carry out a valuation of the Company's plant, equipment, furniture, computer equipment and stocks

Agents' Disbursements

An amount of £14 has been paid to Winterhill in respect of their disbursements comprising mileage

Counsel Fees – Application to Court

An amount of £400 has been paid in respect of Counsel's fees relating to the application to Court for the administration order. Further detail in this regard is provided at **Section 6** below

Statutory Advertising

An amount of £34 has been paid to Courts Advertising Limited for the cost of advertising a notice in the London Gazette in respect of the Administrators' appointment

Distribution to Secured Creditor

An amount of £2,000 has been paid to JPPC as a distribution on account of asset realisations subject to its fixed charge security

RECEIPTS – ASSETS NOT SPECIFICALLY PLEDGED**Books and Records**

An amount of £1 has been received from HGL in respect of the consideration paid for the benefit of the Company's books and records

Assumed Contracts

An amount of £1 has been received from HGL in respect of the consideration paid for the benefit of the right to take on the benefit of, and subsequently perform at its own cost and risk, to the extent that they are able, any/all of the contracts of the Company

Email Addresses

An amount of £1 has been received from HGL in respect of the consideration paid for the benefit of the Company's email addresses

Benefit of Insurance Claims

An amount of £1 has been received from HGL in respect of the consideration paid for the benefit of all existing and potential claims of the Company as at appointment, under insurance policies which relate to its business

Professional Licences

An amount of £1 has been received from HGL in respect of the consideration paid for the benefit of the Company's professional licences

Tax Losses

An amount of £1 has been received from HGL in respect of the consideration paid for the benefit of the Company's trading losses as may be available to be transferred from the Company to HGL. It is not considered that there is any material value to the administration in respect of this asset

Intercompany Debts

The Company's books and records show amounts owing from intercompany debtors, with a total book value of £14,309m. This includes amounts owing to the Company from Groupco, Instruments, Property and other companies within the itmsoil Group.

There is no likelihood of there being surplus funds available to make distribution to unsecured creditors in the administrations of Instruments, Property, Groupco, or a recovery from the other intercompany debtors and therefore, Intercompany Debts have no realisable value.

As part of the sale of the Company's business and certain assets to HGL, the amount owed to the Company by Interfels GmbH ("Interfels"), of (book value) £192k, was assigned to HGL for an amount of £1. Interfels has no material net asset value and little or no prospect of being able to repay its indebtedness to the Company. Therefore, the debt has no material realisable value.

Associated Companies

The Company's books and records show amounts owing from associated companies (itmsoil Pty, itmsoil Europe (SAS), itmsoil USA and itmsoil Asia), with a total book value of £583k. An amount of £3 has been received from HGL in respect of the consideration paid for the benefit of these intercompany debts, because they have no material net realisable value.

Other Debts

An amount of £1 has been received from HGL in respect of the consideration paid for the benefit of all trade and other debts and amounts owing to the Company, with the exception of the Intercompany Debts.

Prepayments

An amount of £1 has been received from HGL in respect of the consideration paid for the benefit of monies paid by the Company in advance to the relevant contracting parties pursuant to the Assumed Contracts.

Third Party Funds – Employee Salaries

An amount of £47,453 was advanced by JPPC to the Company to pay employees' salaries for the period 1 January 2014 to 20 January 2014. This amount was immediately paid over to HGL, who assumed all of the employees' contracts as part of the sale, to enable it to pay the pre-appointment arrears and balance due in respect of the salaries for the whole of January 2014 (see below).

It was agreed as part of the sale, that the funds advanced by JPPC in this regard are repayable as an expense of the administration, in respect of which the Company and Services are jointly and severally liable. There are insufficient funds in this Company's estate to enable repayment to be made to JPPC. The amount of £47,453 has therefore been repaid to JPPC from the estate of Services.

Bank Interest Gross

Bank interest gross earned on deposits held in the administration floating charge bank account during the period of the administration, amounted to £2.

Monies owed by Directors

As previously reported, there were amounts owed to the Company by three of the former Directors of the Companies. An amount of £3,025 has been received over the period of the Account in respect of repayment in full by one of the Directors (see also below).

PAYMENTS - ASSETS NOT SPECIFICALLY PLEDGED

Contribution to HGL – Employee Salaries

As detailed above, an amount of £47,453 has been paid to HGL for onward payment to employees in respect of their outstanding pre-appointment arrears of salaries for the period 1 January 2014 to 20 January 2014

RECEIPTS AFTER THE PERIOD OF THE ACCOUNT

Monies owed by Directors

In addition to the amount of £3,025 received as detailed above, an amount of £10,000 has been received as consideration for an assignment to a third party of the debts due from the other two former Directors

PAYMENTS AFTER THE PERIOD OF THE ACCOUNT

Administrators' Fees

An amount of £10,919 has been paid to the Firm in respect of fees for acting as Administrators, in accordance with a resolution obtained from the secured creditor. Further information in this regard is provided at **Section 8** below and at **Appendix 2**

Administrators' Disbursements

An amount of £276 has been paid to the Firm in respect of the Administrators' disbursements. Further information in this regard is provided at **Appendix 3**

5. OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors as at the date of appointment were provided in the Proposals and also in the Directors' Statement of Affairs dated 21 May 2014 and are as follows -

Secured creditor

The following security was granted by the Company -

- **Barclays** - Guarantee and debenture created on 28 February 2013 and registered on 8 March 2013, comprising a fixed and floating charge over all property and assets. This security was assigned by Barclays to JPPC on 5 December 2013, and

- **JPPC** – Debenture conferring fixed and floating charges created on 10 December 2013 and registered on 14 December 2013, over all property and assets

JPPC has cross guarantees across all of the Companies. The Companies' total combined indebtedness to JPPC as at 18 June 2014 amounted to circa £1,158,000, on which interest and charges continues to accrue unless and until the debt is repaid in full.

Immediately following the Administrators' appointment, TLT confirmed the validity of the appointment of the Administrators, and the validity and enforceability of JPPC's fixed and floating charges.

Over the period of the administration, an amount of £2,000 has been repaid to JPPC by the Company in respect of a distribution on account of realisations subject to its fixed charge security. There are no surplus funds in the estate to enable any further distributions to be made to JPPC. On present information, it is anticipated that there will be a small shortfall to JPPC taking account of the estimated aggregate fixed and floating charge realisations across all of the Companies.

Preferential creditors

Preferential creditors comprise claims from former employees for arrears of wages up to £800 and accrued holiday pay. To the extent that an employee's contractual arrears of wages are not covered by the statutory

limit of £800, the remainder of the claim would rank as an unsecured claim against the Company. The Redundancy Payments Office ("RPO") processes employee payments for arrears of wages, holiday pay, statutory redundancy pay and statutory notice pay. Where the RPO has advanced funds in respect of employee preferential claims, it will have a subrogated claim for these sums in the administration.

As a result of the sale of the business and assets and the employees of the Company transferring to the purchaser HGL under the Transfer of Undertakings (Protection of Employment) Regulations 2006, there are no known preferential claims.

Unsecured creditors

Unsecured creditors comprise mainly trade suppliers, which according to the Directors' Statement of Affairs total circa £15.919m. Based upon realisations in the administration, and after accounting for the costs of the administration, there are no surplus funds available to enable a dividend to be paid to the unsecured creditors.

Unsecured 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.

After accounting for the costs and expenses of the administration there is no net property available and accordingly, no prescribed part funds available to unsecured creditors.

VAT Bad Debt Relief

Creditors should note that they may be eligible for VAT bad debt relief in respect of their outstanding claims, six months after the relevant invoice date or payment date if later, provided the debt is written off in their books. Creditors should seek tax advice from their own professional advisers.

Exit from administration

Once the Notice of move from administration to dissolution (Form 2.35B) has been registered at Companies House (which the Administrators anticipate shortly), their appointment as Administrators will cease to have effect and, unless the Court makes an order otherwise, the Company will be deemed to be dissolved at the end of the period of three months from the date of registration of the notice.

6. ADMINISTRATORS' PROPOSALS

Below is a summary of the Proposals as deemed approved under Rule 2.33(5) of the Rules in the absence of an initial meeting of creditors:

- 1 To take all necessary actions to preserve the value of the Company's assets,
- 2 To monitor the receipt of the dividend from the administration of Instruments,
- 3 To deal with all creditors' claims for retention of title to stocks and other assets and take legal advice where necessary to settle claims where appropriate,
- 4 To realise the assets of the Company for the benefit of the creditors and instigate any Court actions deemed of value to the Company and its stakeholders,
- 5 Once all asset realisations have been completed, the Administrators will distribute amounts due to the secured creditors, and if any surplus is available, to the unsecured creditors,
- 6 To make an application to Court as they deem fit at any time for directions in relation to any particular matter arising in connection with the carrying on of their functions,

- 7 To investigate any antecedent transactions which may have detrimentally affected the Company's financial position and if necessary, instigate legal proceedings against any party or parties who are considered culpable, to achieve a recovery for the estate,
- 8 These Proposals shall be subject to such modifications or conditions as the Court may approve or impose, or any modification approved by creditors, and
- 9 That, if necessary, the Administrators may apply to creditors or to Court for an extension of the administration order

In order that the purpose of the administration may be fully achieved, the Administrators will remain in office in order to deal with the formalities of moving the Company to dissolution and conclude the administration. On 5 January 2015, the Administrators made an application to the Court, which was duly granted, for their discharge from liability as Administrators, to coincide with the date on which their appointment as Administrators ceases to have effect.

7. PRE-ADMINISTRATION COSTS

On 24 February 2014 the following amounts in respect of unpaid pre-administration costs were approved by the secured creditor in accordance with Rule 2.67A of the Rules and the amounts paid to date are detailed below

Details of recipient	Description of services provided	£Amount
Administrators' pre-appointment fees – the Firm	<ul style="list-style-type: none"> Leading negotiations with JPPC, their advisors and TLT in respect of the sale of the Company's business and assets, Reviewing the Company's financial information to gain a complete understanding of the Company's asset and financial position for the purposes of assessing the sale, Negotiating the sale agreement documents with TLT and JPPC, Attending site to collate information necessary for the administration, Liaising with Barclays and JPPC throughout the sale negotiations, Assisting with management of creditor pressure, Dealing with all the pre-appointment statutory formalities, Liaising throughout with JPPC and TLT in the preparation of the application to Court for the purpose of the administration, including the preparation of a detailed Estimated Outcome Statement and attendance at the hearing at Court, and Disbursements comprising subsistence, postage and travel costs 	£6,331 and disbursements of £5 both plus VAT. Of these amounts, £3,895 and £4, both plus VAT, has been paid in respect of the Administrators' pre-appointment fees and disbursements
Pre-administration and post-administration legal expenses - TLT	<ul style="list-style-type: none"> Preparing statutory appointment documents and filing the relevant notices at Court, Drafting the sale and purchase agreements, preparation of the appendices to the agreements, conducting internal meetings regarding the agreements, amending and finalising the agreements, Preparing report on the validity of the security granted by the Company, and Administration, searches and photocopying 	£2,000 plus VAT, calculated at Barclays' prevailing discounted panel hourly rates. These costs have not been paid
Agents' pre-administration expenses – Winterhill	<ul style="list-style-type: none"> Prepare valuation of the Company's business assets, and Disbursements comprising mileage 	£500 and disbursements of £14, both plus VAT - paid in full

Costs of the Application as Granted by the Court

Pursuant to Rule 2 12(3) of the Rules, where the Court makes an administration order, the costs of the applicant, and of any person whose costs are allowed by the Court, are payable as an expense of the administration. These costs granted by the Court and detailed over the page, are separate and in addition to the 'pre-administration costs' detailed above.

Description of Expense	£Amount exc VAT
TLT's costs for preparing the application for the appointment of the Administrators, evidence preparation and attendance at the Court hearing	1,000
Counsel's fees (Matthew Smith)	400
Counsel's fees (Mark Watson-Gandy)	400
Total	£1,800

These costs relate solely to work carried out by TLT and Counsels, Matthew Smith of Maitland Chambers and Mark Watson-Gandy of Thirteen Old Square Chambers. Counsel's fees of £400 have been paid out of these costs of £1,800 plus VAT.

8. REMUNERATION AND DISBURSEMENTS

The Administrators' remuneration has been fixed by the secured creditor on 24 February 2014 in accordance with Rule 2 106(5A) of the Rules, by reference to the time properly given by the Administrators and the various grades of their staff calculated at the prevailing hourly charge out rates of the Firm in attending to matters arising in the administration. The Administrators are also authorised to draw disbursements, including disbursements for services provided by the Firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with the Firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at **Appendix 2** of this report.

The Administrators' time costs for the period of the Account (from 21 July 2014 to 9 January 2015) amount to £7,713 which represents 33 hours at an average rate of £232 per hour.

The Administrators' time costs for the period of the administration from 21 January 2014 to 9 January 2015 amount to £23,040 which represents 94 hours at an average rate of £245 per hour.

The following further information in relation to the Administrators' time costs and disbursements is set out at **Appendix 2**.

- The Firm's policy for re-charging expenses/disbursements,
- The Firm's charge-out rates,
- Narrative summary of time costs incurred,
- Table of time spent and charge-out value for the period 21 July 2014 to 9 January 2015, and
- Table of time spent and charge-out value for the period 21 January 2014 to 9 January 2015.

To 9 January 2015, the Administrators have not drawn any amounts on account of their remuneration against total time costs of £21,594 and disbursements of £276 incurred since the date of their appointment. However, as detailed at **Section 4** above, amounts of £10,919 and £276 have been drawn since 9 January 2015 in respect of the Administrators' fees and disbursements, and the outstanding balance of these costs will be written off as irrecoverable.

There have been no Category 2 disbursements. A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2011' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact the Administrators' office and they will arrange to send you a copy.

9. EXPENSES

A statement of the expenses incurred and discharged by the Administrators during the period of the administration is attached at **Appendix 3**

10 CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 2.48A of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the Court) may request in writing that the Administrators provide further information about the Administrators' remuneration or expenses (other than pre-administration costs) which have been detailed in this progress report

Right to make an application to Court

Pursuant to Rule 2.109 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the Court) may within 8 weeks of receipt of this progress report make an application to Court on the grounds that the remuneration charged or the expenses incurred by the Administrators as set out in this progress report are excessive or, in relation to the basis fixed for their remuneration, inappropriate

11. ASSETS THAT REMAIN TO BE REALISED

There are no known remaining assets to be realised in the administration. Asset realisations are complete and the administration will be concluded shortly

12. OTHER RELEVANT INFORMATION

Directors' Conduct

As explained in the Proposals, the Administrators have a statutory duty to investigate the conduct of the Directors and any person they consider to be or have been a shadow or de facto Director during the period of three years before the date of their appointment, in relation to their management of the affairs of the Company and the causes of its failure. The Administrators are obliged to submit confidential reports to the Department for Business, Innovation and Skills. The Administrators have complied with their duties in this respect

Investigations carried out to date

The Administrators have undertaken an initial assessment of possible actions in relation to the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect. There do not appear to be any material potential claims against any party which would be worth pursuing for the benefit of the estate generally

Connected party transactions

The Administrators have not been made aware of any sales of the Company's assets to connected parties. As detailed in the information provided at **Section 4**, the purchaser of the business and certain assets of the Company, HGL, is a newly formed limited company. The Administrators understand that the acquisition of the business and certain assets of the Company by HGL has been financed ultimately by RCapital, which is connected to JPPC, one of the Company's secured creditors.

13. CONCLUSION

As mentioned above, the Administrators are now proceeding to move the Company to dissolution and in conjunction, on 5 January 2015, the Administrators made an application to the Court, which was duly granted, for their discharge from liability as Administrators, to coincide with the date on which their appointment as Administrators ceases to have effect.



K J Provan
Joint Administrator

Date **13 JANUARY 2015**

ACCOUNT OF RECEIPTS AND PAYMENTS

Period 21 July 2014 to 9 January 2015

ACCOUNT OF RECEIPTS AND PAYMENTS

Period 21 JULY 2014 to 9 JANUARY 2015

	From 21/01/2014 To 20/07/2014 £	From 21/07/2014 To 9/01/2015 £	From 10/01/2015 To 21/01/2015 £	From 21/01/2014 To 21/01/2015 £
RECEIPTS - ASSETS SPECIFICALLY PLEDGED				
Information Technology and Goodwill	5,001 00	-	-	5,001 00
Intellectual Property Rights	1 00	-	-	1 00
Bank Interest Gross	0 28	-	-	0 28
	<u>5,002 28</u>	<u>-</u>	<u>-</u>	<u>5,002 28</u>
PAYMENTS - ASSETS SPECIFICALLY PLEDGED				
Administrators' Pre-administration Fees	(1,564 94)	(2,330 06)	-	(3,895 00)
Administrators' Pre-administration Disbursements	-	(3 79)	-	(3 79)
Agents' Fees	(500 00)	-	-	(500 00)
Agents' Disbursements	(13 66)	-	-	(13 66)
Counsel's Fees - Application to Court	(400 00)	-	-	(400 00)
Statutory Advertising	(33 84)	-	-	(33 84)
	<u>(2,512 44)</u>	<u>(2,333 85)</u>	<u>-</u>	<u>(4,846 29)</u>
DISTRIBUTION - FIXED CHARGE CREDITOR				
JPPC Services Limited	(2,000 00)	-	-	(2,000 00)
	<u>(2,000 00)</u>	<u>-</u>	<u>-</u>	<u>(2,000 00)</u>
RECEIPTS - ASSETS NOT SPECIFICALLY PLEDGED				
Books and Records	1 00	-	-	1 00
Assumed Contracts	1 00	-	-	1 00
Email Addresses	1 00	-	-	1 00
Benefit of Insurance Claims	1 00	-	-	1 00
Professional Licences	1 00	-	-	1 00
Tax Losses	1 00	-	-	1 00
Intercompany Debts	1 00	-	-	1 00
Associated Companies	3 00	-	-	3 00
Other Debts	1 00	-	-	1 00
Prepayments	1 00	-	-	1 00
Third Party Funds - Employee Salaries	47,452 66	-	-	47,452 66
Bank Interest Gross	1 18	0 99	-	2 17
Monies Owed by Directors	-	3,025 00	10,000 00	13,025 00
	<u>47,465 84</u>	<u>3,025 99</u>	<u>10,000 00</u>	<u>60,491 83</u>
PAYMENTS - ASSETS NOT SPECIFICALLY PLEDGED				
Administrators' Fees	-	-	(10,918 91)	(10,918 91)
Administrators' Disbursements	-	-	(276 25)	(276 25)
Contribution to HGL - Employee Salaries	(47,452 66)	-	-	(47,452 66)
	<u>(47,452 66)</u>	<u>-</u>	<u>(11,195 16)</u>	<u>(58,647 82)</u>
	<u>503 02</u>	<u>692 14</u>	<u>(1,195 16)</u>	<u>0 00</u>

TIME COSTS AND DISBURSEMENTS

- a The Firm's policy for re-charging expenses/disbursements,
- b The Firm's charge-out rates,
- c Narrative summary of time costs incurred,
- d Table of time spent and charge-out value for the period from 21 July 2014 to 9 January 2015,
and
- e Table of time spent and charge-out value for the period from 21 January 2014 to 9 January
2015

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 and also where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest. Best practice guidance² requires 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 usually 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 incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(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 £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,

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

² *Ibid* 1

(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 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 London office as at the date of this report are as follows

Grade of staff	Standard 1 May 2011 – until further notice London
Partner	495
Director	395
Senior Manager	365
Manager	315
Assistant Manager	270
Senior Administrator	235
Administrator	185
Trainee Administrator	160
Support	160

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

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	IS Management Receivables 2014 Ltd (formerly itmsoil Management Limited) (in administration)
CASE TYPE	ADMINISTRATION
OFFICE HOLDERS	Kirstie Jane Provan and Mark Robert Fry
DATE OF APPOINTMENT	21 January 2014

1 CASE OVERVIEW

- 1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

1.2 Complexity of the case

The case has not been unduly complex. However a considerable amount of time has been spent immediately following the appointment of the Administrators in dealing with the sale of the Company's business and assets, which took place on 23 January 2014, effective from 21 January 2014.

1.3 Exceptional responsibilities

There have been no exceptional responsibilities in the administration.

1.4 The office holders' effectiveness

The Administrators' strategy was to achieve a sale of the whole, or substantially the whole, of the Company's business and assets as is in situ. A sale was completed shortly after the Administrators' appointment, effective from 21 January 2014.

1.5 Nature and value of property dealt with by the office holders

The nature and value of the assets dealt with by the Administrators are the following -

ASSETS SPECIFICALLY PLEDGED	£Amount
Information Technology & Goodwill	5,001
Intellectual Property Rights	1
ASSETS NOT SPECIFICALLY PLEDGED	
Intercompany Debts	1
Books and Records	1
Assumed Contracts	1
Other Debts	1
Prepayments	1
Professional Licences	1
Associated Companies	1
Benefit of Insurance Claims	3
Email addresses	1
Tax Losses	1
Amounts due from Directors	uncertain

1.6 Anticipated return to creditors

The return to all creditors is summarised as follows -

Secured creditor

The Companies' total combined indebtedness to JPPC as at 18 June 2014 amounted to £1.158m, on which interest and charges continues to accrue unless and until the debt is repaid in full. Over the period of the administration, an amount of £2,000 has been paid to JPPC in

respect of a distribution on account of asset realisations subject to its fixed charge security. There are no surplus funds in the estate to enable any further distributions to be made by the Company to JPPC. On present information, it is anticipated that there will be a small shortfall to JPPC taking account of the estimated aggregate fixed and floating charge realisations across all of the Companies.

Preferential Creditors

As a result of the sale of the business and assets and the employees of the Company transferring to the purchaser HGL under the Transfer of Undertakings (Protection of Employment) Regulations 2006, there are no known preferential claims.

Unsecured creditors

Unsecured creditors comprise mainly trade suppliers, which according to the Directors' Statement of Affairs total c. £15.919m. Based upon realisations in the administration, and after accounting for the costs of the administration, there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors.

1.7 Time costs analysis

An analysis of time costs incurred between 21 January 2014 and 9 January 2015 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type. The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only.

1.8 The views of the creditors

The Administrators have reported substantively on the progress of the administration to all creditors. There have been no adverse views expressed by creditors in respect of the Administrators' dealings in the course of the administration.

1.9 Approval of fees

The Administrators' remuneration has been fixed by the secured creditor on 24 February 2014 in accordance with Rule 2.106(5A) of the Rules, by reference to the time properly given by the Administrators and the various grades of their staff calculated at the prevailing hourly charge out rates of the Firm in attending to matters arising in the administration.

1.10 Approval of Expenses and Disbursements

The Administrators are authorised to draw disbursements, including disbursements for services provided by the Firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9) in accordance with the Firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at **Appendix 2** of this report. The relevant resolution was approved by the secured creditor on 24 February 2014.

1.11 Other professionals employed & their costs

Solicitors – TLT

TLT's time costs incurred are £2,000 calculated at Barclays' prevailing discounted panel hourly rates plus VAT and relate to the preparation of the sale and purchase agreements, drafting the appointment documents, and filing the appointment of the relevant notices at Court.

Agents - Winterhill

Independent professional valuation agents, Winterhill, were instructed prior to the Administrators' appointment to value the Company's business assets, and have been paid an amount of £500 and disbursements of £14, both plus VAT, for their costs incurred in this regard.

1.12 Staffing and management

Appropriately experienced staff have undertaken the various tasks arising prior to the administration to ensure matters are properly dealt with at the least cost to the administration.

estate It is the policy of the Firm that all grades of staff charge time which solely relates to the case

2 SUMMARY OF WORK CARRIED OUT

During the period of the Account, the following work (although not an exhaustive list) has been carried out -

- Ensuring compliance with all statutory obligations in the administration, including filings at Companies House and bonding,
- Dealing with all necessary statutory matters,
- Dealing with all payments, receipts and banking in the administration,
- Preparing VAT returns,
- Dealing with enquiries from creditors,
- Preparing detailed updates to the secured creditor,
- Conducted internal meetings to discuss case strategy and progress,
- Dealing with ROT creditors' claims,
- Dealing with all post sale completion matters,
- Dealing with enquiries from former employees,
- Corresponding with HGL regarding the licence to occupy the Company's former premises and agreeing relevant documentation to extend the licence period and also put in place a short term new lease,
- Preparing a Corporation Tax return,
- Dealing with the collection of the monies owed by the former Directors,
- Resolving any residual matters in the administration in preparation for moving the Company to dissolution, and
- Preparing a detailed final progress report, in accordance with Rule 2.47 and Rule 2.110 of the Rules

Time and Expenses Report - Summary

01IT017.ADM | ADM - itmsoil Management Limited | From 21/07/2014 To 09/01/2015

	Action Code	Partner	Director	Senior Manager	Manager	Senior Case Administrator	Case Administrator	Support & Cashiering	Other	Total Hours	Total Cost	Avg Rate
Floating Charge Assets	1FLCHG	0.00	0.20	0.00	0.50	0.00	0.00	0.00	0.00	0.70	214.00	305.71
Bonding	1BOND	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.20	54.00	270.00
Banking	1BANK	0.00	0.00	0.00	0.00	0.00	0.00	4.60	0.00	4.60	736.00	160.00
VAT and TAX	1VATTX	0.00	0.00	0.00	0.10	0.00	1.30	0.00	0.00	1.40	250.00	178.57
Administration	1ADMIN	0.00	1.80	0.00	0.70	0.00	9.40	0.60	0.00	12.50	2,575.00	206.00
Case strategy and planning	1PLAN	0.00	0.00	0.00	2.00	0.00	0.40	0.00	0.00	2.40	614.00	255.83
Statutory reports and returns	1STAT	0.50	2.80	0.00	4.70	0.00	3.50	0.00	0.00	11.50	3,270.00	284.35
Total Hours		0.50	4.80	0.00	8.20	0.00	14.60	5.20	0.00	33.30		
Total Cost		247.50	1 896.00	0.00	2 214.00	0.00	2,523.50	832.00	0.00		7 713.00	
										Employee / Diab Costs	33.58	
										Disb Fees Drawn	0.00	
										Time Fees Drawn	0.00	
										Outstanding Costs	7 746.58	

Time and Expenses Report - Summary

01IT017.ADM | ADM - itmsoil Management Limited | From 21/01/2014 To 09/01/2015

	Action Code	Partner	Director	Senior Manager	Manager	Senior Case Administrator	Case Administrator	Support & Cashiering	Other	Total Hours	Total Cost	Avg Rate
Floating Charge Assets	1FLCHG	0.00	0.20	0.00	0.00	4.90	0.00	0.00	0.00	5.10	1,402.00	274.90
Bonding	1BOND	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.20	54.00	270.00
Appointment activity	1APOI	0.50	0.00	0.00	0.00	0.00	1.90	0.00	0.00	5.80	1,323.00	228.10
CDDA reporting and follow up	1CDDA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.20	777.00	185.00
Banking	1BANK	0.00	0.00	0.00	0.00	0.00	0.00	8.20	0.00	8.20	1,312.00	160.00
Investigations	1INVGN	0.00	0.00	0.00	0.00	0.00	1.10	0.00	0.00	1.10	203.50	185.00
Claims, proofs and disbursements	1CLAIM	0.00	0.00	0.00	0.00	0.60	0.00	0.00	0.00	0.60	162.00	270.00
Debt Collection	1DTCOL	0.00	0.20	0.00	0.00	0.80	0.00	0.00	0.00	1.00	295.00	295.00
Employees	1EMPEE	0.00	0.00	0.00	0.00	0.00	1.50	0.00	0.00	1.50	277.50	185.00
Sale of Business/Assets	1SALE	0.50	2.10	0.00	0.00	0.00	0.00	0.00	0.00	2.70	1,100.50	407.59
Secured Creditors	1SECCR	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.20	54.00	270.00
VAT and TAX	1VATTX	0.00	0.30	0.00	0.00	0.10	3.20	0.00	0.00	3.60	720.00	200.00
Administration	1ADMIN	0.00	2.50	0.00	0.00	3.30	4.90	17.50	0.00	28.20	5,585.00	198.05
Case strategy and planning	1PLAN	0.00	3.60	0.00	0.00	2.60	1.90	0.00	0.00	8.10	2,475.50	305.62
Receipts and Payments and statement of affairs	1RCTPY	0.00	0.00	0.00	0.00	2.00	0.20	0.00	0.00	2.20	577.00	262.27
Statutory reports and returns	1STAT	2.80	5.30	0.00	0.00	9.00	0.70	0.00	0.00	21.30	6,721.50	315.56
Total Hours		3.80	14.20	0.00	0.00	23.70	2.70	25.70	0.00	94.00		
Total Cost		1,881.00	5,609.00	0.00	0.00	6,399.00	634.50	4,112.00	0.00		23,039.50	
									Employee / Disb Costs			276.25
									Disb Fees Drawn			276.25
									Time Fees Drawn			10,918.91
									Outstanding Costs			12,120.59

STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	£Amount incurred	£Amount discharged	£Balance (to be discharged)
Administrators' Statutory Bond	Insolvency Risk Services Limited	18 00	18 00	NIL
Postage	Royal Mail	258 25	258 25	NIL
	TOTAL	276 25	276 25	NIL

The above are all Category 1 disbursements. There have been no Category 2 disbursements.