

# 2.24B

The Insolvency Act 1986

## Administrators' progress report

Name of Company
Engineering Drawing Office Limited

Company number
05946361

In the Portsmouth County Court (full name of court)
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Court case number NTA 184 of 2009
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(a) Insert full  
name(s) and  
address(es) of  
administrator(s)

I/We (a)  
Gordon Johnston  
hjs Recovery  
12/14 Carlton Place  
Southampton  
SO15 2EA

Stephen Powell  
hjs Recovery  
12-14 Carlton Place  
Southampton  
SO15 2EA

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

(b) Insert date

From
(b) 10 August 2009

To
(b) 2 February 2010

Signed

  
Joint Administrator

Dated

2 February 2010

### 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.

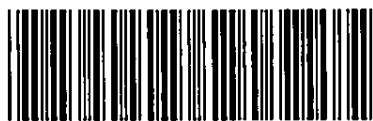
The contact information that you give will be visible to searchers of the public record

Stephen Powell  
hjs Recovery  
12/14 Carlton Place  
Southampton  
SO15 2EA

DX Number

023 8023 4222  
DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at:-  
**Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff**



\*PNNPGH7S\*

PC1

03/02/2010

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COMPANIES HOUSE

WEDNESDAY

Gordon Johnston and Stephen Powell of hjs recovery, 12-14 Carlton Place, Southampton SO15 2EA were appointed as Joint Administrators of the company on 10 February 2009 at the request of the directors.

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.

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## **Engineering Drawing Office Limited - In Administration**

Portsmouth County Court – NTA 184 of 2009

Company number - 05946361

Registered Office - c/o hjs recovery, 12-14 Carlton Place, Southampton, Hampshire, SO15 2EA

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## **Joint Administrators' Final Progress Report**

In accordance with Rule 2.110 of the Insolvency Act 1986

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### **Contents**

1. Joint Administrators' final progress report.
- Appendix 1. Receipts and Payments account for the period  
10 February 2009 to 2 February 2010.
- Appendix 2. Analysis of Joint Administrators' time costs.
- Appendix 3. Hjs recovery charge out rates and disbursements policy.
- Appendix 4. Form 2.35B Notice of move from administration to dissolution.

# **ENGINEERING DRAWING OFFICE LIMITED IN ADMINISTRATION JOINT ADMINISTRATORS' FINAL PROGRESS REPORT**

## **INTRODUCTION & PURPOSE**

Further to my appointment as Joint Administrator on 10 February 2009, and in accordance with Rule 2.110 of the Insolvency Rules 1986, I write to provide you with my final progress report on the conclusion of the Administration.

Please find attached a copy of my final receipts and payments account covering the period from the date of appointment to 2 February 2010, which should be read in conjunction with this and my previous reports dated 27 March 2009 and 26 August 2009 respectively.

## **JOINT ADMINISTRATORS' PROPOSALS**

The Joint Administrators' formal proposals at the onset of the Administration were:

1. The Joint Administrators continue to realise the assets and undertaking of the company, in such a manner as they consider appropriate with a view to achieving the purpose set out in Paragraph 3(2) of Schedule B1 to the Insolvency Act 1986.
2. If appropriate, the Joint Administrators propose to apply to the court under the provisions of Paragraph 76(2)a of Schedule B1 to the Insolvency Act for an Order that their term of office be extended.
3. If appropriate, the Joint Administrators propose to apply to court under the provisions of Paragraph 65(3) of Schedule B1 to the Insolvency Act 1986 for leave to pay one or more dividends to creditors whose claims are neither secured nor preferential.
4. The Joint Administrators propose that if it is appropriate for the company to move from Administration into Liquidation that the Joint Administrators be authorised to take steps to place the company into whichever liquidation process (either compulsory or voluntarily) they deem appropriate. In either circumstance it is proposed that the Joint Administrators should take the appointment as joint liquidators and that they will act jointly and severally in their duties.
5. Once the Administration is concluded, the Joint Administrators may report to creditors and apply to the Registrar of Companies for the dissolution of the company.
6. The Joint Administrators propose to be remunerated on the basis of their time costs in respect of time properly spent in the course of the Administration and to draw their remuneration as and when they have funds to do so.

## **ASSET REALISATIONS**

### **Office Furniture & Equipment**

As reported previously, one of the company's main assets was the office furniture and equipment, which was independently valued prior to the administration by our appointed agents, Messrs Edward Symmons. Creditors will recall that the valuation advised that it was likely that the assets would only achieve a sale if they remained in situ and that there would be no potential purchaser available on the open market. The valuation in situ was £2,500 and £800 ex-situ.

As advised previously, following negotiations an offer of £3,000 + VAT was received from Engineering Drawing Office (UK) Limited, a company formed by a consortium of the company's former employees. Our appointed agent advised that this was a good offer and should be accepted. I am pleased to report that payment in full has been received in this respect.

### **Third party receipt**

A payment in the sum of £650 was received from Hitachi Capital Invoice Finance Limited (ISIS Factors) in error on 6 April 2009 and was returned on 7 April 2009.

### **Book Debts**

#### **Hitachi Capital Invoice Finance Limited**

As previously reported the company had a factoring arrangement with Hitachi Invoice Finance Limited (Hitachi) who were formerly known as London Scottish Invoice Finance Limited. Hitachi held a mortgage over all book debts, registered on 21 December 2006.

The outstanding book debts under the factoring agreement had a book value of £31,058 and were estimated to realise £25,000. Hitachi continued to collect the outstanding book debts and they realised £18,039.50 in this regard. At the date of our appointment Hitachi's outstanding liability was £12,053.43. In addition £5,986.07 of the funds realised have been used to cover Hitachi's termination fees and charges. The outstanding book debts of £13,017.70 were assigned to the Joint Administrators.

As advised previously, the total amount assigned consisted of three debts (£11,779.50, £705.00 & £533.20 respectively) of which £11,779.50 was recovered in full. The £705 debt was part of a larger invoice and was heavily disputed leading the administrators to deem that it was in fact not due. The company that owed the remaining £533.20 were also a creditor in the sum of £3,121.17.

### **Book Debt (subject to litigation)**

As previously advised at the time of our appointment the company had instructed their solicitors, in relation to a disputed debt for £70,541.

Following our appointment we instructed our own solicitors, Messrs Lamport Bassitt, to review all correspondence in relation to the dispute and establish whether the debt could be pursued. Matters remain as stated in my report of 9 August 2009 whereby the conclusion reached was that it was not viable to proceed any further given the defendant had alleged breaches of the terms of the contract, which the company could not explain. As such there have been no realisations possible in relation to this book debt.

## **Cash at Bank**

It was anticipated that there was £201 cash at bank on the date the company entered into administration. However, this was not the case and no realisations were achieved in this regard.

## **Gross Interest**

I have received bank interest of £1.08 in respect of the monies held on the administration bank account.

## **Goodwill**

I have advised in my previous reports that the valuation carried out prior to my appointment by Edward Symmons considered that there would be an element of goodwill if the business could be sold as a going concern.

In addition to purchasing the office furniture and equipment Engineering Drawing Office (UK) Limited also made an offer for the goodwill, which was agreed at £1,000.

No funds have been received in this regard and as a result the £1,000 has been assigned to hjs recovery to pursue. Any subsequent realisations will be used in reduction of the Administrators' outstanding time costs associated with this assignment with the residual time costs being written off in full.

## **Pre-Payments**

As previously reported, the company had prepaid their accountant £2,267.69. This amount has been recovered in full and is reflected in the receipts and payments account attached.

There were no further assets capable of realisation within the administration.

## **PROSPECTS FOR CREDITORS**

### **SECURED CREDITORS AND THE PRESCRIBED PART**

The company granted a mortgage in favour of Hitachi Capital Invoice Finance Limited (formerly known as London Scottish Invoice Finance Limited) which was registered on 21 December 2006. As detailed above, Hitachi Capital Invoice Finance Limited have been repaid in full during the course of the administration.

As there are no charges that follow the commencement of the provisions of Section 176A of the Act, the Joint Administrators are not required to set aside a "Prescribed Part" fund for unsecured creditors.

### **PREFERENTIAL CREDITORS**

I have received a claim from The Insolvency Service amounting to £9,142.08, which relates to preferential claims submitted by the former employees of the company. There are also two former employees who hold preferential claims, which total £261.40.

### **UNSECURED CREDITORS**

I have received sixteen unsecured claims to date, totalling £124,954.02.

Unfortunately, there are insufficient funds to pay a dividend to any class of creditor.

## INVESTIGATIONS

Under Insolvency legislation, the Joint Administrators have a duty to consider and report to the Department for Business, Innovation and Skills on the conduct of those persons who were a director or a shadow director in the three years prior to the administration.

They are also required to consider whether any civil proceedings should be taken.

I confirm that I have complied with the above requirement, although I am not at liberty to disclose the nature or content of my conduct report.

## JOINT ADMINISTRATORS' REMUNERATION & DISBURSEMENTS

In accordance with Statement of Insolvency Practice 9, I attach at Appendix 2 a detailed analysis of my firm's time costs incurred to date, together with a copy of my firm's charge out rates and disbursements policy.

You will note my total costs are £27,915.31 which represents a total of 198.04 hours at an average hourly rate of £140.96. Of this amount £2,593.75 was accrued pre-appointment. I confirm that I have recovered £16,374.78 in respect of my post appointment time costs and the balance of my fees will either be discharged in part, subject to any recoveries received in relation to the assigned debt, or written off in full.

The category one disbursements I have incurred and discharged during the course of this assignment are as follows:-

	£
Filing & Court Fees	30.00
Bond Fee	50.00
Travel & Subsistence	116.40
Advertising	<u>155.25</u>
	<u>351.65</u>

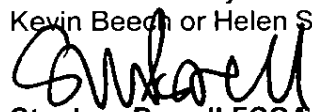
## CONCLUSION

Apart from the payment for goodwill which has been assigned to hjs recovery all assets have now been realised and I have completed my investigations into the affairs of the company.

Unfortunately, there are insufficient funds available to enable a distribution to any class of creditor and therefore, I am now in a position to bring the Administration to a close and obtain my release as Joint Administrator.

As such I shall now take appropriate steps to proceed with my fifth proposal, that being the dissolution of the company. In accordance with the provisions of paragraph 84(1) of Schedule B1 of the Insolvency Act 1986, I hereby attach form 2.35b, notice of move from administration to dissolution.

In the event that you have any queries concerning the content of this report please contact either Kevin Beech or Helen Sevier of this office in the first instance.



**Stephen Powell FCCA MABRP**  
**Joint Administrator**

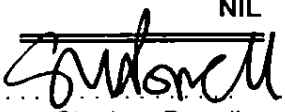
(authorised by the Institute of Chartered Accountants in England & Wales)

**Engineering Drawing Office Limited**  
**(In Administration)**  
**Joint Administrators' Abstract of Receipts & Payments**

Appendix 1

Statement of Affairs		From 10/02/2009 To 02/02/2010	From 10/02/2009 To 02/02/2010
	<b>SECURED ASSETS</b>		
25,000.00	Book Debts	<u>NIL</u> NIL	<u>NIL</u> NIL
	<b>SECURED CREDITORS</b>		
(13,000.00)	Chargeholder - Hitachi Capital (UK) Pl	<u>NIL</u> NIL	<u>NIL</u> NIL
	<b>ASSET REALISATIONS</b>		
3,000.00	Office Furniture & Equipment	3,000.00	3,000.00
	3rd Party Receipt - ISIS Factors	650.00	650.00
Uncertain	Book Debts	11,779.50	11,779.50
201.00	Cash at Bank - HSBC	NIL	NIL
	Bank Interest Gross	1.08	1.08
	Statutory Interest on Book Debt	431.16	431.16
Uncertain	Goodwill	NIL	NIL
2,267.69	Pre-payment of Accountants Fees	<u>2,267.69</u>	<u>2,267.69</u>
		18,129.43	18,129.43
	<b>COST OF REALISATIONS</b>		
	Specific Bond	50.00	50.00
	Office Holders Fees	16,374.78	16,374.78
	Office Holders Expenses	116.40	116.40
	3rd Party Payment - ISIS Factors Plc	650.00	650.00
	Agents/Valuers Fees	753.00	753.00
	Legal Fees	30.00	30.00
	Statutory Advertising	<u>155.25</u>	<u>155.25</u>
		(18,129.43)	(18,129.43)
	<b>PREFERENTIAL CREDITORS</b>		
(33,233.26)	D of E Arrears & Holiday Pay	NIL	NIL
(2,882.52)	Employee Arrears/Hol Pay	<u>NIL</u> NIL	<u>NIL</u> NIL
	<b>UNSECURED CREDITORS</b>		
(14,148.62)	Trade & Expense Creditors	NIL	NIL
(10,053.31)	Employees	NIL	NIL
(6,071.16)	Department of Employment	NIL	NIL
(180.80)	Directors	NIL	NIL
(60,982.41)	HM Revenue & Customs - PAYE	NIL	NIL
(14,878.13)	HM Revenue & Customs - VAT	<u>NIL</u> NIL	<u>NIL</u> NIL
	<b>DISTRIBUTIONS</b>		
(100.00)	Ordinary Shareholders	<u>NIL</u> NIL	<u>NIL</u> NIL
<u>(125,061.52)</u>		<u>(0.00)</u>	<u>(0.00)</u>

REPRESENTED BY

NIL  
  
 Stephen Powell  
 Joint Administrator

## TIME AND CHARGE OUT SUMMARIES

Hours							
Classification of work function	Insolvency Practitioner	Manager/ Senior Manager	Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost	Average hourly rate
Administration & Planning	14.25	3.40	53.75	26.59	97.99	£13,144.41	£134.14
Investigations	2.75	0.00	8.75	0.00	11.50	£1,850.00	£160.87
Realisations of assets	15.25	0.30	21.50	5.75	42.80	£7,191.25	£168.02
Creditors	1.00	0.30	10.00	15.41	26.71	£2,555.99	£95.69
Tax reviews	0.00	0.70	1.60	0.40	2.70	£282.00	£104.44
Pre-appointment advice	8.75	0.00	0.00	3.00	11.75	£2,593.75	£220.74
Closure	0.00	0.00	0.00	4.59	4.59	£297.91	£64.90
<u>Total</u>	<u>42.00</u>	<u>4.70</u>	<u>95.60</u>	<u>55.74</u>	<u>198.04</u>	<u>£27,915.31</u>	<u>£140.96</u>
Current Chargeout rates	£275 - £500	£150 - £200	£85 - £125	£50 - £65			



# **hjs|recovery**

business recovery specialists

## **SCHEDULE OF EXISTING HOURLY CHARGE OUT RATES**

	£
Insolvency Practitioner (Managing Director)	500
Insolvency Practitioner (Directors)	275
Senior Managers & Managers	150 - 200
Supervisors	125
Administrators and Support Staff	50 - 105

Specialist departments within hjs accountants, such as Tax, VAT and Pensions, do sometimes charge a small number of hours to an assignment, should the Insolvency Partners require their expert advice. Their rates do vary however, the figures given below provide an indication of the rates charged per hour.

	£
Directors	100 - 150
Senior Managers & Managers	80 - 100
Supervisors	35 - 60
Administrators and Support Staff	20 - 35

Please note that we reserve the right to amend these rates from time to time during the course of the assignment, however any material amendments to these rates will be advised to creditors in the next statutory report.

## **POLICY ON RECHARGING DISBURSEMENTS**

This firm's policy is to recharge the following to each assignment:-

- Cash or category 1 disbursements such as company searches, legal notices, external photocopying and subsistence where appropriate, at cost; and
- Mileage in relation to the assignment at rates comparable with those advised by motoring organisations for vehicles used by the firm and its staff

Some firms also chose to recharge expenses, for example on postage, stationery, photocopying, telephone and facsimile, which cannot be accurately recorded and allocated against a specific assignment. Such expenses, which are usually apportioned, require the approval of the creditors before they can be drawn are known as category 2 disbursements.

It is the current policy of hjs recovery not to charge any category 2 disbursements.

Please note that from time to time it may be necessary for the charges quoted above to increase in line with inflation.