

2.24B

The Insolvency Act 1986

Joint Administrators' progress report

Name of Company

Arctic Jet Cold Store Limited

Company number

06091070

In the
Great Grimsby County Court

(full name of court)

Court case number
03 OA 2009(a) Insert full
name(s) and
address(es) of
administrator(s)We (a)
William Duncan
RSM Tenon Recovery
Europarc Innovation Centre
Innovation Way
Grimsby
DN37 9TTJonathan Paul Philmore
RSM Tenon Recovery
Europarc Innovation Centre
Innovation Way
Grimsby
DN37 9TT

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

From

To

(b) Insert date

(b) 17 July 2009

(b) 16 January 2010

Signed


Administrator(s)

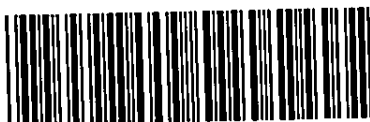
Dated

15 February 2010.

Contact DetailsYou 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
formSimon Smith, RSM Tenon Recovery as above
Tel 01482 333777

DX Number

DX Exchange



AIQ

AXRY4101

04/03/2010

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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

Private and Confidential

TO ALL KNOWN MEMBERS AND CREDITORS

RSM Tenon Recovery
Europarc Innovation Centre Innovation Way,
Grimsby, Lincolnshire DN37 9TT
T +44 (0) 1472 500360
F +44 (0) 1472 500361
www.rsmtenon.com

Our ref LCC/SS/LB/A825/3
Your ref
12 February 2010

When telephoning or emailing please contact Laura Baxter on 01472 500360 or laura.baxter@rsmtenon.com

Dear Sirs

Arctic Jet Cold Store Limited – In Administration ("the Company")

1. Introduction

The Joint Administrators ("the Administrators") were appointed on 17 July 2009 by the Directors of the Company

This is the Joint Administrators' report pursuant to Rule 2.47 of the Insolvency Rules 1986 and covers the period from 17 July 2009 to 16 January 2010. This report is intended to update you on the progress of the Administration.

2. Statutory Information

Statutory information relating to the Company and the appointment of Administrators is attached to this report as **Appendix A**.

3 Purpose of Administration

As previously reported, following their appointment, the Administrators took control of the business and assets of the Company with a view to implementing the strategy to meet the prioritised objectives of the new Administration regime as follows:

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

Prior to our appointment a review of the business of the Company was undertaken and it was concluded that the first statutory administration objective of rescuing the Company as a going concern was unlikely to be achieved.

The first objective for the Administration could not be met. Without an immediate injection of replacement funding the Company could not be rescued as a going concern. No such funding was available.

Recovery and insolvency services are provided through RSM Tenon Limited and our Insolvency Practitioners are authorised to act in this capacity by their individual licensing bodies. RSM Tenon Limited is a subsidiary of RSM Tenon Group PLC. Directors and staff acting as Administrative Receivers and Administrators act as agents of the company over which they are appointed and contract without personal liability.

RSM Tenon Limited is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms. RSM International is the name given to a network of independent accounting and consulting firms each of which practices in its own right. RSM International does not exist in any jurisdiction as a separate legal entity.

RSM Tenon Limited (No 4066924) is registered in England and Wales. Registered Office 68 Chiltern Street, London W1U 4GB, England.



Committed to the efficient
use of natural resources

Accordingly we proceeded with a view to achieving the second statutory objective of 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

A lack of interest in acquiring the Company's business and its assets as a going concern, the value of the Company's assets relative to the secured debts together with the value of assets on a break-up basis meant that the second objective also became unachievable

The strategy for the Administration is therefore to realise property in order to make a distribution to one or more secured or preferential creditors

I confirm that the Administrators proposals circulated to creditors on 9 September 2009 were deemed approved in accordance with Rule 2 33(5) of the Insolvency Rules 1986

4. Statement of Affairs

A Statement of Affairs as at the date of the Administrators' appointment on 17 July 2009 was provided by the directors on 4 August 2009 and was circulated to creditors together with the Joint Administrators proposals on 9 September 2009

5. Conduct of the Administration

A copy of the Administrators' receipts and payments account to 16 January 2010 is attached at **Appendix B**. Set out below are details of the progress made to date in the Administration

Sale of the Business

Upon the Administrators' appointment, the Company's business was still trading from the property owned by Rawmat (1998) Limited ("Rawmat"), an associated company. The Administrators immediately prepared trading forecasts and negotiated favourable payment terms with the Company's largest customer

Despite the favourable terms agreed with the Company's largest customer, the Company was still unable to trade without incurring cash losses. The Administrators identified that the Company's defrosting operation was loss-making and therefore negotiated for the Company's largest customer to take responsibility for the labour costs of the defrosting operation. As a result the Administrators expected the Company to be able to cover its immediate cash costs

The Company's electricity supply is provided through the previous owner of the property and the Administrators negotiated terms for the supply of electricity which enabled the Company to continue trading whilst a buyer was sought for the business

Details of the business for sale were circulated widely and enquiries were received from 23 potentially interested parties. Four parties viewed the cold store and were provided with further information concerning the business and its assets

After a period of six weeks no acceptable offers for the business or its assets had been received and the Company's largest customer informed us of their decision to withdraw their stock from the cold store. As they accounted for the vast majority of the Company's business, the Company would not have been able to fund continued trading without their support

Agreement was reached with the Company's largest customer to fund the Company's operating costs until they had been able to remove the last of their stock from the cold store. All stock was removed and trading ceased with the dismissal of all remaining staff on 28 September 2009.

Debtors

The Company's debtors have been subject to a disclosed invoice discounting agreement with Skipton Business Finance Limited ("Skipton")

At the date of our appointment, Skipton was owed £40,232 secured against sales ledger balances of £73,572 (excluding debts from Rawmat). These included £65,131.52 due from the Company's largest customer who were claiming set off against a debt of £80,731 due to them by the Company.

However, Skipton has been repaid in full and have transferred a credit balance of £350 to their account with Rawmat.

Skipton advise that the sales ledger has been "totally exhausted" but I am making enquiries to establish whether there are uncollected debtors which can be reassigned to Arctic.

Plant and Equipment

The majority of plant and equipment operated by the Company is owned by Rawmat.

Chattel assets were valued by our agents, Sanderson Weatherall of Leeds, in situ at £2,700 and for removal from the premises at £1,400. Following the cessation of trade the Company's few chattel assets were sold for £700 plus VAT on the advice of our agent due to the lack of interest received from other parties. The Company has no other material chattel assets.

The Company had no stock of its own however unclaimed stocks were sold for £9,893.

6 Secured Creditors

Information recorded with the Registrar of Companies shows that the Company has granted debentures and charges shown at **Appendix A**.

7 Prescribed Part

As the charge to HSBC Bank Plc follows the commencement of the provisions of Section 176A of the Insolvency Act 1986, the Administrators are required to set aside a "Prescribed Part" fund especially for unsecured creditors. Such a fund will not apply should the Company's net property amount to less than £10,000 and the Administrators consider that the cost of making the distribution would be disproportionate to the benefits. It is likely that the net property of the Company will not exceed £10,000 and therefore the prescribed part will not apply.

8. Preferential Creditors

The Company's employees were retained whilst the Company continued to trade during the Administration

As it was not possible to achieve a sale of the Company's business and assets, employees were declared redundant on 28 September 2009

Preferential claims for accrued wages and holiday pay are estimated at £5,000. The Administrators are yet to receive a claim from the Redundancy Payments Office on behalf of the National Insurance Fund

9 Unsecured Creditors Claims

The directors' sworn Statement of Affairs dated 17 July 2009 indicates that the Company has unsecured creditors claims in excess of £600,000. Claims received to date total £106,821

10. Exit Route

As there is insufficient property of the Company to enable a distribution to unsecured creditors, it is not appropriate for the matter to proceed to liquidation. It is proposed that once all assets have been realised and expenses of the Administration discharged, the Company will be dissolved in accordance with approved proposals

11. Solicitors and Agents

Where it has been necessary to instruct professionals such as solicitors and agents they have been chosen based upon their independence and relevant experience in dealing with such matters. The professional costs are based upon an agreed time cost basis (or a % of realisations in the case of agents), details of which are provided to us periodically for review and which are consistent with other professional firms dealing with similar matters

Agents costs which have been paid are recorded in the attached receipts and payments account, as at **Appendix B**, and are as follows

- Wilkin Chapman has been paid £3,000 plus VAT on account in respect of their advice given regarding the Administration

12. Joint Administrators' Remuneration

The Administrators' approved Proposals including the following

- The Administrators will be remunerated by reference to time properly spent both for their services as Joint Administrators and also for their staff in attending to the matters arising in the administration of the Company, charged at the charge out rates prevailing at the time the work is undertaken. The Joint Administrators' remuneration will be agreed by the secured creditors and, if appropriate, the preferential creditors
- The Administrators be at liberty to incur and pay such costs and expenses, including professional fees, as considered to be incidental to the achievement of the purpose of the administration or for the purposes set out herein or to the Joint Administrators' statutory duties

I attach at **Appendix C** a summary of the Administrators' current time costs in dealing with the Administration. To the anniversary date we had not yet drawn any fees for acting as Joint Administrators against our outstanding time costs of £114,641. However since the anniversary date I have drawn £1,123 in respect of our pre appointment time costs and £20,000 against our post appointment time costs, please note these payments will not be shown on the receipts and payments account at **Appendix B**.

The work undertaken by the Administrators and their staff is briefly detailed below

- **Administration and planning** - Includes dealing with all statutory matters required by legislation and professional guidelines including periodic returns and reports, internal case review and case progression matters including planning, set-up and maintenance of records in addition to the recovery and storage of the Company records
- **Realisation of assets** - Includes the continued negotiations with interested parties concerning the proposed sale of the Company's business and assets in addition to the implementation of the marketing strategies relating thereto. Further time spent in this regard relates to assisting Skipton Business Finance Limited with the realisation of the outstanding book debts due to the Company and the continued liaison with agents for the purposes of realising the Company's chattel assets
- **Creditors** - Includes general communication with all classes of creditors, receipt and agreement of claims. It also includes specific reporting to the secured creditors
- **Investigations** - Includes the review of Company records, the identification of any rights of action which the Administrators may have including antecedent transactions, and the submission of returns pursuant to the Company Directors Disqualification Act
- **Trading** - Includes the supervision of Company staff, dealing with employees, and customers and the general management of the Company's operations. It also includes time spent in preparing cashflows to support the trading of the business

The level of staff has been selected based upon the nature and complexity of the assignment. To reduce the level of professional costs incurred much of the work has been conducted by the Administrators' staff under their instruction. The current hourly charge-out rates for each level of staff are attached at **Appendix C**.

The statutory provisions relating to remuneration are contained in Rule 2.106 of the Rules, as amended by the Insolvency (Amendment) Rules 2003. Creditors may view notes explaining the basis on which the Joint Administrators' remuneration is fixed on the web site of RSM Tenon Recovery at www.rsmtenon.com/creditorguides. If any creditor should require a copy of these explanatory notes they should telephone or write to Laura Baxter of RSM Tenon Recovery at Europarc Innovation Centre, Innovation Way, Grimsby, DN37 9TT, who will be pleased to send them by post free of charge.

13 Joint Administrators' Disbursements

At the anniversary date the disbursements totalled £2,077 are detailed at **Appendix D** of which the Administrators had not received reimbursement. However since the anniversary date the Administrators have been paid £1,112, please note this will not be shown on the attached receipts and payments account at **Appendix B**.

14. Joint Administrators' Investigations

Under the insolvency legislation, the Joint Administrators have a duty to consider the conduct of those who have been directors of the Company at any time within three years preceding the Administration and to report to the Department for Business, Innovation and Skills accordingly. As this is a confidential document between the BIS and myself, I am precluded from divulging its contents in this report.

We are also required to consider whether any civil proceedings should be taken. Please do not hesitate to contact us if there is any matter of which you believe we should be aware when considering the directors' conduct. We should stress that this request for information forms part of our usual investigation proceedings.

15. EC Regulation on Insolvency Proceedings 2000

For the following reason it is considered that the EC Regulation on Insolvency Proceedings 2000 will apply. If it does apply, these proceedings will be the main proceedings as defined in article 3 of the EC regulation.

The Company's registered office is from where the Company carries on its business. Therefore in the absence of proof to the contrary, the Company's centre of main interests is in the United Kingdom.

16. Further Information

Should you require any further information, please do not hesitate to contact Simon Smith or Laura Baxter on the telephone number shown at the head of this report.

Yours faithfully
For and on behalf of Arctic Jet Cold Store Limited


W Duncan
Joint Administrator

*William Duncan is a licensed Insolvency Practitioner authorised by The Institute of Chartered Accountants of Scotland
Jonathan Paul Philmore is a licensed Insolvency Practitioner authorised by the Insolvency Practitioners' Association*

*William Duncan and Jonathan Paul Philmore were appointed joint administrators to manage the affairs, business and property of Arctic Jet Cold Store Limited on 17 July 2009
The joint administrators act as agents of the Company, without personal liability*

Arctic Jet Cold Store Limited – in Administration
Statutory Information

Company Number: 06091070

Date of Incorporation: 8 February 2007

Registered Office: c/o RSM Tenon Recovery
Europarc Innovation Centre
Innovation Way
Grimsby
DN37 9TT

Formerly
Hangar 2 Caenby Corner Estate
Hemswell Cliff
Gainsborough
Lincolnshire
DN21 2TJ

Trading Address. Hangar 2 Caenby Corner Estate
Hemswell Cliff
Gainsborough
Lincolnshire
DN21 2TJ

Issued Share Capital:

100 Category A shares of £1 each, fully paid and issued to

Stephen John Hill 100

100 Category B shares of £1 each, fully paid and issued to

Donald Jeffrey Urquhart 100

1 Category C Non Voting share of £1 each, fully paid and issued to

Michelle McClurey 1

		<u>Appointed</u>	<u>Resigned</u>
Directors.	Stephen John Hill	08/02/2007	N/A
	Donald Jeffrey Urquhart	08/02/2007	N/A
	Michelle McClurey	08/02/2007	N/A

Company Secretaries: Stephen John Hill 08/02/2007 N/A

Mortgages and Charges: **HSBC Bank PLC** – Debenture conferring fixed and floating charges over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant and machinery created on 6 May 2008 and registered at Companies House on 8 May 2008

Skipton Business Finance Limited – Debenture conferring a fixed charge over all specified and other debts and a floating charge over the floating assets of the Company created 30 June 2008 and registered at Companies House on 1 July 2008

Last Accounts Filed:

Report of the directors and unaudited financial statements for the period ending 29 February 2009 and filed at Companies House on 29 January 2009

Appendix B

Arctic Jet Cold Store Limited - In Administration
Joint Administrators' Abstract of Receipts and Payments
from 17 July 2009 to 16 January 2010

Statement of Affairs	Trading Receipts/Payments from 17 July 2009 to 16 January 2010 £
Receipts	
Sales	173,923 14
Cardboard Recycling	340 00
Sale of Unclaimed Meat	9,893 50
Sale of Pallets	62 17
Cash at Bank	33 54
Total Trading Receipts	<u>184,252 35</u>
Payments	
Employees Wages	42,555 69
PAYE/NIC Payments for Employees Wages	14,573 80
Flexible Wrapping	165 00
Rates	6,547 50
Electricity	48,534 14
Travel Costs	246 50
Insurance	1,297 97
Bank Charges	279 00
Hire of Equipment	9,352 26
Sundry Expenses	162 65
Stationary	128 64
Frozen Foods Disposal	1,500 00
Waste Disposal	112 00
Environmental Services	300 00
Cold Store Maintenance	3,443 00
Legal Fees	3,000 00
Total Trading Payments	<u>132,198 15</u>
Total Trading Surplus	<u>52,054 20</u>

Statement of Affairs	General Receipts/Payments from 17 July 2009 to 16 January 2010 £
Receipts	
5,681 00 Fixed Assets	-
- Debtors	-
Trading Surplus	52,054 20
Book Debts	788 79
VAT	26,067 12
Total General Receipts	<u>78,910 11</u>
Payments	
Electricity	11,206 67
Hire of Equipment	516 00
Consultancy Charges	672 80
Skipton Business Finance re Book Debts	788 78
VAT	28,587 38
Total General Payments	<u>41,771 63</u>
Balance in hand	<u>37,138 48</u>

NB The trading surplus shown above is subject to the future payment of outstanding costs and does not represent a trading profit

Appendix C

Arctic Jet Cold Store Limited – In Administration

Time Cost information to 16 January 2010

Detailed below is a summary of time charged by each grade of our staff

Classification of work function	Director	Manager	Other senior professionals	Assistants & support staff	Total hours	Time Cost £	Average hourly rate £
Administration and planning	3 8	48 7	61 3	55 7	169 5	22,706 00	133 96
Realisation of Assets	1 2	27 4	6 6	7 0	42 2	7,927 00	187 84
Creditors	3 4	31 1	86 7	3 1	124 3	17,355 00	139 62
Investigations	-	0 5	3 6	-	4 1	467 00	113 90
Trading	10 2	224 7	216 1	-	451 0	66,185 50	146 75
Total	18 6	332 4	374 3	65 8	791 1	114,640 50	144 91

The hourly charge-out rates for each level of staff applicable from 1 November 2008 to 9 January 2010 are

Grade	Rate per hour £
Directors / Associate Directors	275 - 360
Managers	165 - 300
Technical Staff	95 - 175

With effect from 10 January 2010 the following charge-out rates have applied to each level of our staff

Grade	Rate per hour £
Directors / Associate Directors	290 - 300
Managers	190 - 265
Technical Staff	120 - 170
Assistants and Support Staff	95-120

Appendix D

Arctic Jet Cold Store Limited – In Administration

RMS Tenon – Grimsby Office

Category 1 disbursements	£	Category 2 disbursements.	£
Company searches	3 00	Postage	46 00
Bordereau	47 00	General expenses	9 53
Statutory advertising	178 20	Photocopying	38 10
Storage costs	37 50		
Travel	1,702 05		
Land Registry Services	16 00		
Total	1,983 75	Total	93 63

CATEGORY 1 AND CATEGORY 2 DISBURSEMENTS

Category 1 disbursements relate to external services provided which are directly attributable to the case

Category 2 disbursements relate to internal charges made for items such as postage, faxes, room hire and mileage

The rates at which these charges are made are listed below and in my opinion are in line with the cost of external provision of these charges and (where applicable) in accordance with Rule 13 11(b) of the Insolvency Rules 1986

Disbursement	Charge
Postage – 1 st Class	50p – £1 00
(circulars only, per copy and depending on size)	
Postage – 2 nd Class	40p – 75p
(circulars only, per copy and depending on size)	
Photocopying (circulars only, per page)	15p
Faxes (incoming & outgoing, per page)	25p
Room Hire (per hour, minimum charge £25)	£25 00
Mileage (per mile)	40 - 50p

Creditor approval is required for Category 2 disbursements to be charged as an expense of the case in accordance with best practice guidelines as set out in Statement of Insolvency Practice 9 (as amended in April 2007)