

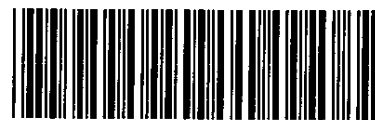
AM10

Notice of administrator's progress report



Companies House

WEDNESDAY



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A15

08/04/2020

#146

COMPANIES HOUSE

1 Company details

Company number 0 6 5 0 8 3 2 5

Company name in full D&J (Steels) Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Michael Thomas

Surname Denny

3 Administrator's address

Building name/number One Chamberlain Square

Street

Post town Birmingham

County/Region

Postcode B 3 3 A X

Country United Kingdom

4 Administrator's name ①

Full forename(s) David Matthew

Surname Hammond

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number One Chamberlain Square

Street

Post town Birmingham

County/Region

Postcode B 3 3 A X

Country United Kingdom

② Other administrator
Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report


6 Period of progress report

From date	d	1	d	1	m	0	m	9	y	2	y	0	y	1	y	9	
To date	d	1	d	0	m	0	m	3	y	2	y	0	y	2	y	0	

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's signature	Signature															
	X		X													
Signature date	d	0	d	6	m	0	m	4	y	2	y	0	y	2	y	0

AM10

Notice of administrator's progress report



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Helena Perevalova**

Company name **PricewaterhouseCoopers LLP**

Address **8th Floor, Central Square**

29 Wellington Street

Post town **Leeds**

County/Region **West Yorkshire**

Postcode

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Country **United Kingdom**

DX

Telephone **0113 288 2046**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Joint administrators' progress report from 11 September 2019 to 10 March 2020

D&J (Steels) Limited
(in administration)

Business and Property Courts in Birmingham
Insolvency and Companies List (ChD)
Case number: CR2019 - BHM - 000713

6 April 2020

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Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
Administrators	Michael Thomas Denny and David Matthew Hammond both of PricewaterhouseCoopers LLP, One Chamberlain Square, B3 3AX
BEIS	Department for Business, Energy & Industrial Strategy
BIS	Bromford Iron & Steel Company Limited
Brockhouse	Brockhouse Group Limited
Company	D&J (Steels) Limited - in Administration
Close Brothers	Close Brothers Limited, a secured creditor
CVA	Company voluntary arrangement under Part 1 IA86
CVL	Creditors' voluntary liquidation
Firm	PricewaterhouseCoopers LLP
Group	Original Steel Services Limited, Bromford Iron & Steel Company Limited, Brockhouse Group Limited and the Company collectively
IA86	Insolvency Act 1986
IR16	Insolvency (England and Wales) Rules 2016
HMRC	HM Revenue & Customs
Purchaser	Barrett Steel Limited
Prescribed part	The amount set aside for unsecured creditors from floating charge funds in accordance with Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
Proposals	The Administrators' Proposals for achieving the purpose of Administration, as approved by creditors on 8 October 2019.
Preferential creditors	Claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
Remuneration report	As required by UK insolvency legislation, a report provided to all known creditors containing details of the work we expect to carry out during the insolvency, the expenses that are likely to be incurred and if our fees are proposed to include remuneration calculated on a time costs basis, an estimate of those fees. This information is included in the Remuneration Report on page 12
ROT claims	Claims to retention of title over goods supplied to the Company but not paid for before the Administrators' appointment
Abbreviation or definition	Meaning

RPS	Redundancy Payments Service, an executive agency sponsored by the Department for Business, Energy & Industrial Strategy, which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
Sch.B1 IA86	Schedule B1 to the Insolvency Act 1986
SPA	The agreement for the sale and purchase of the business and assets of the Company dated 11 September 2019
Secured creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
TopCo	Original Steel Services Limited
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
Unsecured creditors	Creditors who are neither secured nor preferential

This report has been prepared by Michael Thomas Denny and David Matthew Hammond as joint administrators of the Company, solely to comply with their statutory duty to report to creditors under IR16 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Administrators' previous reports issued to the Company's creditors, which can be found at <https://www.pwc.co.uk/dandjsteels>. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Michael Thomas Denny and David Matthew Hammond have been appointed as Joint Administrators of the Company to manage its affairs, business and property as its agents and act without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Administrators.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Key messages

Why we've sent you this report

We're writing to update you on the progress of the administration of D&J (Steels) Limited in the six months since our appointment as administrators on 11 September 2019.

How much creditors may receive

The following table summarises the possible outcome for creditors, based on what we currently know.

Class of creditor	Current estimate (p in £)
Secured creditors	100p
Preferential creditors	N/A
Unsecured creditors	4p - 6p

We think the secured creditor will be fully repaid its lending of £378,000 out of its security over the Company's assets.

Due to the successful sale of the business and transfer of employees to the Purchaser, we do not expect to receive any preferential claims.

We think the Company's unsecured creditors totalling £1.7m could receive a dividend of between 4% and 6% based on what we know currently. The amount of any dividend and when it would be paid are dependent on the final position of the factored debtor ledger and any contractual charges that may be applied to the account. Contractually, Close Brothers, the secured creditor, is able to claim in the insolvency of the Company for any shortfall on any lending in respect of either the Company or Bromford. Consequently, the final outcome for creditors of the Company is dependent on Close Brothers' ability to recover their invoice and asset finance debts in full on Bromford. To the extent they are unable to do this, Close Brothers will seek to recover the shortfall from the Company. At the present moment we are liaising with Close Brothers in an attempt to mitigate any intercompany charges applied to the account in order to achieve the best outcome for the creditors as a whole. The estimated dividend position for the unsecured creditors is reviewed on an on-going basis and the creditors will be updated in due course.

We've started asking for outstanding claims from unsecured creditors so that we can agree them for dividend purposes.

What you need to do

If you haven't already done so, please send your claim to us so that we can agree it in principle. A claim form can be downloaded from our website at <https://www.pwc.co.uk/dandjsteels> or you can get one by telephoning Helena Perevalova on 0113 288 2046.

All creditors wishing to receive the anticipated dividend payment must submit a proof of debt.

We may decide that some or all creditors who are owed £1,000 or less by the Company won't be required to submit a proof of debt in order to receive the anticipated dividend payment.

A creditor who we decide is not required to submit a proof of debt will be notified (when we deliver notice of our intention to pay a dividend) of the amount we'll treat as their admitted debt for the purpose of the dividend, unless the creditor advises us that the amount is incorrect (in which case a proof of debt will be required) or not owed.

Please note that should you wish to vote in relation to any decision procedure during the administration or any subsequent liquidation or object to a decision sought by deemed consent, you'll need to submit a proof of debt, even if one is not required for dividend purposes.

Overview of what we've done to date

You'll remember from our proposals for achieving the purpose of administration that when we were appointed, the position was as follows:

- The Company was a steel stockholder operating from premises in West Bromwich, in the West Midlands. The Company is part of a group of companies owned by Original Steel Services Limited. The Company had traded as a steel stockholder since the 1970s, focusing on the engineering, forging, fabrication and oil and gas sectors. The Company's major customer was Brockhouse, representing about 35% of its total sales. The balance of its customers were made up of various different companies in the forging and engineering sectors, with no one customer representing more than 6% of annual turnover.
- The Company operated on low margins and despite the draft accounts for the financial year ended 31 March 2019 reporting turnover of over £4m, due to high costs of sales and other associated costs, the business had incurred trading losses of £140k for the year end 2019 with a further £7k of losses incurred by May 2019.
- In January 2019, JA Envirotanks Limited (a company owned by TopCo) went into CVL, which had a negative knock-on effect on the group companies. In May 2019, suppliers advised the Company that their credit insurance would be withdrawn with the effect from July 2019 which then required the Company to pay for supplies on a pro-forma basis, which resulted in even higher requirements for the working capital which the Company did not have the resources to meet.
- PwC were contacted by TopCo to provide advice in relation to the financial position of the Company. After an initial review and consideration of various options it was decided to undertake an accelerated sale process. Despite some interest received, no parties were willing to complete the transaction solvently. Following a review of the cash position, it became apparent that an insolvency process was unavoidable.
- It was decided that the most appropriate strategy was to negotiate a sale of the business that could complete immediately after the appointment of administrators, in order to maximise value in the assets and the outcome for creditors.

We were appointed joint administrators of the Company on 11 September 2019. Immediately after our appointment, all of the assets and business of the Company was sold to Barrett Steel Limited. In summary:

- Total consideration for the sale of the business and assets was £240,000 and was received on completion.
- All ten employees of the Company were transferred to the Purchaser under TUPE.
- The sale enables the statutory purpose of the administration to be achieved - it represented the best offer received, and so provided the best available outcome for the creditors as a whole in all circumstances.

After the sale completed, the key outstanding matters in the administration were as follows:

- Liaise with the secured creditor in relation to the surplus of any debtor funds due to the Company;
- Review the actions of anybody who has been a director of the Company in the three years before our appointment and submit our findings to BEIS (within three months following appointment);
- Deal with Company's books and records;
- Obtain the statutory formal approvals from creditors relating to the joint administrators' remuneration;
- Agree unsecured claims and make dividend payments accordingly; and
- Deal with our statutory duties as joint administrators, including responsibility for the Company's VAT and tax affairs and other incidental tasks associated with the winding down and ultimate dissolution of the Company.

Progress since we last reported

Pre-pack sale of business and assets

Immediately following our appointment, the business and assets were sold to the Purchaser for £240,000. In our statement of proposals dated 17 September 2019, we provided full details of the sale and the assets included. The details are not repeated here unless where considered necessary or beneficial for the purposes of this report.

Realisation of other assets

Assets not included in the sale were mainly unpaid customer debts (as at 11 September 2019) that were subject to an invoice discounting facility provided by Close Brothers. At the time of our appointment, the sales ledger had a book value of £488k. Close Brothers also has security for its lending (of £387k) with a fixed and floating charge over the Company's assets. Close Brothers are conducting the debt collection process and any book debt surplus (after termination charges and costs) will be transferred to the administration estate.

The Company is also due an intercompany balance of £150,000 which is also being collected by Close Brothers. At present, it is unclear whether a surplus will be available to the administration estate and we will continue to liaise with the secured creditor on a regular basis.

Connected party transactions

We have a duty (under Statement of Insolvency Practice No. 13) to disclose any disposal of assets in the Administration to a director or other connected party, regardless of the nature or value of the assets concerned.

We are not aware that any such transactions have occurred and none are expected in the future.

Other issues

The Purchaser is responsible for dealing with all retention of title claims from suppliers. However, the Joint Administrators have assisted in agreeing one RoT claim due to an ongoing dispute between the parties. This has now been agreed and settled and we do not anticipate to undertake any further work in this matter.

Corporation Tax

We have reviewed the tax position and consulted with our colleagues. We will submit tax returns for the relevant periods of the Administration in due course and when they fall due.

VAT

As administrators, we also become responsible for dealing with the Company's VAT affairs and filing obligations. After further review, it was decided to deregister the Company for VAT purposes as of the date of administration. Subsequently, no returns have been prepared during the period and none are expected in the future.

Approval of our proposals

We issued to creditors our proposals for achieving the purpose of administration dated 17 September 2019.

Creditors approved our Proposals without modification on 8 October 2019 by correspondence..

Investigations and actions

We have complied with our duties under the Company Director Disqualification Act 1986 and SIP2. During the period covered by this report, we have submitted our findings to the Insolvency Service as required.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the administration from 11 September 2019 to 10 March 2020.

Our expenses, fees and pre-administration costs

The Remuneration report attached in Appendix B provides an update in relation to our expenses and fees incurred in the period as well as pre-administration costs and funds due to third parties.

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses. The statement excludes any potential tax liabilities that we may need to pay as an administration expense in due course because amounts due will depend on the position at the end of the tax accounting period.

We also set out in Appendix B, an update on our remuneration which covers our fees, disbursements and other related matters in this case. It also includes information about the approval of the unpaid pre-administration costs previously detailed in our proposals.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/28886/page/1/version-3-issued-october-2015/>

You can also get a copy free of charge by telephoning Helena Perevalova on 0113 288 2046.

What we still need to do

You can find further details and information on our future work in the Remuneration report in Appendix B.

Next steps

As we are not yet in position to end the administration, we will shortly be applying to the court for permission to pay the distribution to unsecured creditors within the administration.

We expect to send our next report to creditors in about six months. If you've got any questions, please get in touch with Helena Perevalova, on 0113 288 2046.

Yours faithfully
For and on behalf of the Company



Michael Thomas Denny
Joint administrator

Appendix A: Receipts and payments

D&J (Steels) Ltd (In Administration)

Joint Administrators' Abstract Of Receipts And Payments From 11 September 2019 To 10 March 2020

FLOATING CHARGE REALISATIONS	Notes	Statement of Affairs (£)	Total (£)
Sale of business		240,000.00	240,000.00
Bank Interest Gross			509.99
Cash in hand			250.00
Intercompany debt		150,000.00	Nil
Floating charge realisations in the Period			<u>240,759.99</u>
COST OF REALISATIONS/PAYMENTS			
Statutory advertising			77.00
Insurance			112.00
VAT Receivable			15.40
Cost of realisations/payments in the Period			<u>204.40</u>
BALANCE OF FLOATING CHARGE FUNDS			<u>240,555.59</u>
MADE UP AS FOLLOWS			
Barclays Bank Plc			240,555.59
TOTAL BALANCE AT BANK	1		<u>240,555.59</u>

1) Balances at bank are held on interest bearing accounts

All amounts are shown exclusive of VAT.

There is an outstanding fixed charge registered against the Company in favour of Close Brothers in respect of the factored books debts. Our assumption at present is that Close Brothers will be repaid in full. To date, there have been no realisations under the fixed charge.

Appendix B: Remuneration report

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1. Background

1.1 Purpose of this initial advice to creditors

If a company or individual is facing financial difficulty they may enter a formal insolvency process under the control of an independent external person (an insolvency practitioner). The costs of the proceedings are paid out of the assets of the company or the individual's estate and include the insolvency practitioner's remuneration, which in this case would be our fees for acting as joint administrators.

We must seek approval on the basis of our remuneration before it is paid and provide the fee approving body with sufficient information for them to make a decision. Insolvency law determines who the fee approving body is (and it depends on the circumstances of the case), but it's usually those creditors who have a direct interest in the amount paid because it impacts on how much those creditors recover.

We must give all known creditors details of the work we expect to carry out during the case and the expenses that are likely to be incurred. Also, if our fees are proposed to include remuneration calculated on a time costs basis, we must provide an estimate of those fees. This report provides all this information and details of where further information can be obtained.

1.2 Action required by you

The following table gives our current estimates on the likely return for the various classes of creditors. We caution creditors against using data in this report as a basis for estimating the value of their claims or their likely eventual entitlement to payment from the Company's assets. The joint administrators, their firm, its members, partners and staff and advisers accept no liability to any party for any reliance placed upon this report.

Table 1 – Dividend prospects

Class of creditor	Forecast return	Timing
Secured creditor	100 p/£	3-6 months
Unsecured creditors	up to 4-6 p/£	3-6 months

We have stated in our Proposals that we believe there will be a distribution to unsecured creditors other than from the prescribed part. Therefore where no committee is appointed, the unsecured creditors have the responsibility for fixing the basis of our fees and approving Category 2 disbursements (as defined in Section 4.1). Please read this Remuneration report carefully before voting on the basis of our fees and disbursements.

Creditors' rights

You can find information on administrators' fees and your rights at:

www.icaew.com/-/media/corporate/files/technical/insolvency/creditors%20guides/2015/guide_to_administrators_fees_oct_2015.ashx

Alternatively, a copy can be obtained free of charge by contacting Helena Perevalova on 07483 423208.

1.3 How fees are calculated

Insolvency law currently allows fees to be calculated in three ways:

- As a percentage of the value of the property which we deal with (often referred to as a "percentage basis");
- By reference to the time properly given by us and our staff attending to the matters arising ("time costs basis"); or
- A set amount (a fixed fee).

The basis of our fees can be a combination of the above and different bases can be used for different parts of our work. The fee approving body decides which basis (or combination of bases) should be used to calculate fees, once it is satisfied that the fee basis proposed represents the most appropriate mechanism in the circumstances of the case.

In this case we are proposing that our remuneration is on a time costs basis only, for the following reasons:

- It ensures that creditors are only charged for work that is performed;
- We are required to perform a number of tasks which do not relate to the realisation of assets (for example: reporting to creditors, investigating the conduct of the directors and distributing surplus funds, if any); and
- We are unable to estimate with reasonable certainty the total amount of fees necessary to complete all tasks required in the administration.

Insolvency law says that in determining the basis of our remuneration, regard must be had to the following:

- The complexity (or otherwise) of the case;
- Any exceptional responsibility falling on us;
- The effectiveness with which we are carrying out, or to have carried out, our duties; and
- The value and nature of the property with which we have to deal.

In the next section, we include details of our fees estimate, work we have done since our appointment and anticipated future work. We also refer you to our Proposals for further background information.

2. Our fees estimate

2.1 Summary

This section provides the following information:

- Details of the work we propose to undertake;
- The hourly rates we propose to charge for each part of that work;
- The time we anticipate each part of the work will take; and
- Whether we think it will be necessary to seek approval to exceed the amount of the estimate, and if so, why.

The total amount of our fees estimate is £129,058. The following tables summarise our anticipated time costs and provide more detail on each area of work. Time costs are shown at the hourly rates set out later. Our total remuneration cannot exceed the total amount of this fees estimate without prior consent from the fee approving body. This fees estimate covers the period from our appointment to 10 September 2020. We haven't included an estimate of our fees and the expenses for any subsequent liquidation.

In the period since our appointment to 10 March 2020, we have incurred time costs of £85,296, representing 66% of the fees estimate, as shown in the table below.

Table 2 – Time costs

Category of work	Estimated total hours	Fees estimate £	Average hourly rate £/hour	Hours incurred	Time costs incurred £	Average hourly rate £/hour
Accounting and treasury	22.95	7,514	327	10.45	2,398	229
Assets	11.55	4,530	392	11.55	4,530	392
Creditors	79.55	24,682	310	37.05	11,097	300
Employees and pensions	15.00	5,725	382	13.35	4,900	367
Investigations	15.00	3,552	237	15.00	3,552	237
Statutory and compliance	196.35	63,940	326	157.75	51,933	329
Tax and VAT	44.55	12,855	289	16.85	4,512	268
Strategy and planning	15.40	6,260	406	8.05	2,374	295
Totals	400.35	129,058	322	270.05	85,296	316

Our total remuneration cannot exceed the total amount of this fees estimate without prior consent from the fee approving body.

2.2 Work we propose to undertake

The following table provides details of the work we propose to do (indicated by ☐) , have already done (✓) or which is in progress (☐). It provides a brief summary for each category rather than an exhaustive list of all possible tasks. The fees estimate for each category is also shown, together with costs incurred to 10 March 2020.

Table 3 – Work we propose to do

Category of work	General description	Work included
Accounting and treasury Total estimate: 22.95 hours £7,514 Incurred to date: 10.45 hours £2,398	Cashiering	<ul style="list-style-type: none"> • Opening bank accounts and arranging facilities ✓ • Dealing with receipts, payments and journals □ • Carrying out bank reconciliations and investment of funds □ • Corresponding with bank regarding specific transfers • Close bank accounts and related systems □
Assets Total estimate: 11.55 hours £4,530 Incurred to date: 11.55 hours £4,530	Insurance	<ul style="list-style-type: none"> • Identifying potential issues for the attention of insurance specialists ✓ • Reviewing insurance policies ✓ • Corresponding with insurer regarding initial and ongoing insurance requirements □ • Realising any value within policies □
	Third party assets	<ul style="list-style-type: none"> • Reviewing leasing documents ✓ • Liaising with owners/lessors □ • Carrying out tasks associated with disclaiming leases □
Creditors Total estimate: 79.55 hours £24,682 Incurred to date: 37.05 hours £11,097	Creditor enquiries	<ul style="list-style-type: none"> • Setting up a dedicated website for delivery of initial and ongoing communications and reports ✓ • Receiving and following up creditor enquiries via telephone, email and post □ • Reviewing and preparing correspondence to creditors and their representatives □
	Secured creditors	<ul style="list-style-type: none"> • Notifying secured creditors of appointment ✓ • Liaising with the secured creditor in relation to the debt surplus □
	Unsecured claims	<ul style="list-style-type: none"> • Preparing correspondence to potential creditors inviting lodgment of proof of debt □ • Receiving proofs of debt and maintaining register □ • Adjudicating claims, including requesting further information from claimants □ • Preparing correspondence to claimant advising outcome of adjudication and advising of intention to declare dividend □ • Advertising intention to declare dividend □ • Calculating dividend rate and preparing dividend file □ • Preparing correspondence to creditors announcing declaration of dividend □ • Preparing and paying distribution □ • Dealing with any unrepresented cheques and re-issuing where necessary □

Category of work	General description	Work included
Employees and pensions	Pensions	<ul style="list-style-type: none"> • Reviewing insurance policies ✓ • Issuing statutory notices ✓
Total estimate:		
15.00 hours	Employees	<ul style="list-style-type: none"> • Assessing the employee position ✓ • Assisting with employee transfers to the Purchaser ✓
£5,725		
Incurring to date:		
13.35 hours		
£4,900		
Investigations	Conducting investigations	<ul style="list-style-type: none"> • Collecting company books and records where related to investigatory work ✓ • Reviewing books and records ✓ • Preparing comparative financial statements and deficiency statement ✓ • Reviewing specific transactions and liaising with directors regarding certain transactions ✓ • Preparing investigation file and lodging findings with the Department for Business, Innovation and Skills ✓
Total estimate:		
15.00 hours		
£3,552		
Incurring to date:		
15.00 hours		
£3,552		
Statutory and compliance	Initial letters and notifications	<ul style="list-style-type: none"> • Preparing and issuing all necessary initial letters and notices regarding the administration and our appointment ✓
Total estimate:	Remuneration report	<ul style="list-style-type: none"> • Preparing and circulating to creditors a report giving details of the work we expect to carry out during the case, our fees estimate and the expenses that are likely to be incurred □
196.35 hours		
£63,940		
Incurring to date:	Case reviews	<ul style="list-style-type: none"> • Conducting case reviews after the first month, then every six months □
157.75 hours		
£51,933		
	Proposals and initial meeting of creditors	<ul style="list-style-type: none"> • Drafting and reviewing a statement of proposals to creditors including preparing receipts and payments account and statutory information ✓ • Circulating notice of the proposals to creditors, members and the Registrar of Companies ✓ • Preparing decision notice and associated documentation ✓ • Preparing a record of the decision and issuing a report on the outcome to creditors ✓
	Progress reports and extensions	<ul style="list-style-type: none"> • Issuing periodic progress reports to creditors and the Registrar □ • Making applications to creditors or court for the extension of the administration and filing relevant notices □
	Other meetings / resolutions	<ul style="list-style-type: none"> • Preparing documents and information for the purpose of obtaining approval to fees, Category 2 disbursements and other matters in the administration ✓ • Issuing notices and associated documentation for seeking decisions of creditors □
	Books and records	<ul style="list-style-type: none"> • Collecting company's books and records where not related to investigatory work ✓ • Dealing with records in storage □ • Sending job files to storage □
	Other statutory and compliance	<ul style="list-style-type: none"> • Filing of documents □

- Updating checklists and diary management system ☐

Category of work	General description	Work included
Tax & VAT	Tax	<ul style="list-style-type: none"> • Gathering information for the initial tax review ✓ • Carrying out tax review and subsequent enquiries ✓ • Preparing tax computations <input type="checkbox"/> • Liaising with HMRC <input type="checkbox"/>
Total estimate:		
44.55 hours		
£12,855		
Incurring to date:	VAT	<ul style="list-style-type: none"> • Gathering information for the initial VAT review ✓ • Carrying out VAT review and subsequent enquiries <input type="checkbox"/> • Preparing ad-hoc VAT returns <input type="checkbox"/> • Completing VAT deregistration <input type="checkbox"/>
16.85 hours		
£4,512		
Strategy and planning	Strategy and planning	<ul style="list-style-type: none"> • Completing tasks relating to job acceptance ✓ • Preparing fee budgets & monitoring cost <input type="checkbox"/> • Holding team meetings and discussions regarding status of administration <input type="checkbox"/> • Completing internal reviews to ensure progression of the case <input type="checkbox"/>
Total estimate:		
15.4 hours		
£6,260		
Incurring to date:		
8.05 hours		
£2,374		

Included in the above table are tasks that we must perform that may not directly benefit creditors financially. These are expected to relate to:

- fulfilling obligations imposed by statute or regulatory bodies;
- managing the Company's tax and VAT affairs; and
- winding-down the Company's affairs in advance of its dissolution in due course.

2.3 Our time charging policy and hourly rates

The time we charge to the administration is by reference to the time properly given by our staff and us in attending to matters arising.

It is our policy to delegate tasks to appropriate members of staff considering their level of experience and any requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or the administrators personally.

Set out below are the relevant maximum charge-out rates per hour worked for the grades of staff actually, or likely to be, involved on this assignment.

All staff who work on this assignment (including cashiers, support and secretarial staff) charge time directly to the assignment and are included within any analysis of time charged. Time is charged by reference to actual work carried out on the assignment in six minute units. The minimum time charged is three minutes (i.e. 0.05 hours). There has been/will be no allocation of any general costs or overhead costs. These rates will apply to each part of our work.

Specialist departments with our firm, such as Tax, VAT, Property and Pensions are also used where their expert advice and services are required. Such specialist rates do vary but the figures below provide an indication of the maximum rate per hour.

Table 4 – Charge-out rates with effect to 30 June 2020

Grade	Maximum rate per hour (£)	Specialist maximum rate per hour (£)
Partner	690	1,385
Director	595	1,275
Senior Manager	515	975
Manager	405	710
Senior Associate (Qualified)	310	520
Senior Associate (Non-qualified)	320	330
Associate	210	285
Support staff	120	230

In common with all professional firms, hourly rates increase from time to time over the period of the administration (for example to cover annual inflationary cost increases). Any material amendments to these rates will be advised to the fee approving body when seeking fee approval and to creditors in our next statutory report.

2.4 Further approval

Creditors should be assured that the provision of a fees estimate will not affect the proper conduct of the administration. If the necessary work exceeds (or is likely to exceed) that included in the fees estimate, we can seek consent, usually from the fee approving body, for our fees to exceed the fees estimate.

Our fees estimate is based on a number of assumptions, which are explained in Section 5. In broad terms and in our experience, the key issues likely to affect the level of costs are the:

- Availability and quality of the books and records;
- Level of co-operation received from third parties, for example: from creditors in the course of agreeing their claims; and
- Any changes to our strategy that might be necessary as a result of the above.

We do not think we will need to seek further approval because we currently believe the fees estimate represents a realistic estimate of the total costs we expect to incur.

In our periodic progress reports, we will keep creditors updated on how our fees compare to the fees estimate. If fees are likely to exceed this estimate, we will need further approval to draw those fees.

3. Expenses

3.1 What is an expense?

Expenses are defined in SIP9 as amounts properly payable by the office holder from the estate which are not office holders' remuneration or a distribution to creditors. These include disbursements, which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment. They fall into two categories: Category 1 and Category 2:

Disbursement	SIP9 definition
Category 1	Payments to independent third parties where there is specific expenditure directly referable to the appointment in question.
Category 2	Costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the office holder or their firm, and that can be allocated to the appointment on a proper and reasonable basis.

Our firm's disbursements policy allows for all properly incurred expenses to be recharged to the case. We don't need approval from creditors to draw Category 1 disbursements as these have all been provided by third parties, but we do need approval to draw Category 2 disbursements as these are for services provided by our firm. The body of creditors who approve our fees also have responsibility for agreeing the policies for the payment of Category 2 disbursements, which in this case are as follows:

Photocopying	At 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying.
Mileage	At a maximum of 70 pence per mile (up to 2,000cc) or 91 pence per mile (over 2,000cc).

3.2 Our expenses estimate

The following table shows expenses incurred to date and an estimate of further expenses we consider will be (or are likely to be) incurred.

The total expenses estimate for the case is £188,183.

The estimate excludes any potential tax liabilities that may be payable as an expense of the administration in due course because amounts due will depend on the position at the end of the tax accounting period.

Our expenses estimate includes pre-administration costs that (if approved) would be payable as an expense of the administration and which were explained in more detail in our Proposals dated 17 September 2019. Whilst pre-administration costs are subject to approval in the same manner as our remuneration, they do not form part of our remuneration in relation to our work as joint administrators following our appointment.

Table 5 – Expenses estimate

Nature of expenses	Purpose of expense	Incurred to date (£)	Estimate of future expenses (£)
Insurance	Requirement of administration	112	Nil
Pre-appointment legal fees and expenses (Irwin Mitchell)	Assisting with the sale of the business	14,168	Nil
Post-appointment legal fees and expenses	Assisting with court application for an unsecured distribution to creditors in administration	1,742	7,402
Office holders' disbursements	Potential travel and postage costs	Nil	1,000
Pre-administration costs	Our fees as Administrators in waiting	34,534	Nil
Office holders costs	Our fees as Administrators	85,296	43,762
Statutory advertising	Required by statute	77.00	77.00
Storage costs	Required by statute	1.00	12.00
Total expenses		135,930	52,253
Total		188,183	

4. Professionals and subcontractors

In the table below, we summarise the use of professionals on this case.

Table 6 – Professionals and subcontractors

Service provided	Name of firm	Reason selected	Basis of fees
Legal advice, including: <ul style="list-style-type: none">• Pre-appointment advice including drafting and assisting with the sale contract and appointment of administrators• Application to court to allow unsecured distribution within administration	Irwin Mitchell	Industry knowledge and insolvency expertise	Time costs and disbursements

We require all third party professionals to submit time costs analyses and narrative in support of invoices rendered.

5. Notes and assumptions

5.1 Fees estimate

We have made the following key assumptions:

- We have assumed the administration will last for one year.
- The dividend to creditors will be paid in the administration, prior to its closure (subject to approval by the court).
- We have assumed that our hourly charge out rates will increase by up to 5% per year, with increases likely to happen on 1 July 2020.

5.2 Expenses

We have made the following key assumptions:

- No additional assets will come to light which will require legal or agent assistance.
- No additional assets will come to light that will require insurance.

5.3 Associates

We have no business or personal relationships with parties responsible for approving remuneration or who provide services to the administrators in respect of the appointment where the relationship could give rise to a conflict of interest.

Appendix C: Other information

Court details for the administration:	Business and Property Courts in Birmingham, Insolvency and Companies List (ChD) CR2019 - BHM - 000713
Company's registered name:	D&J (Steels) Limited
Trading name:	D&J Steels
Registered number:	06508325
Registered address:	8th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL
Date of the joint administrators' appointment:	11 September 2019
Joint administrators' names, addresses and contact details:	Michael Thomas Denny and David Matthew Hammond both of PricewaterhouseCoopers LLP, One Chamberlain Square, Birmingham B3 3AX Contact details: helena.perevalova@pwc.com

Notice to creditors seeking decisions by correspondence

In accordance with
rules 3.52, 18.18 and
15.8 of the Insolvency
(England and Wales)
Rules 2016

Name of Company

D&J (Steels) Limited

Company Number

06508325

In the

High Court of Justice
Business Courts in Birmingham
Insolvency and Companies List (ChD)

(full name of court)

Court case number

CR-2019-BHM-000713

(a) Insert full names of
administrators

We (a) Michael Thomas Denny and David Matthew Hammond of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT, joint administrators of the Company give notice to creditors that we are seeking a decision by correspondence on the following resolution(s) (b)

(b) Insert resolutions

- (1) THAT the pre-administration costs of £48,702.27 (plus VAT), as disclosed in our remuneration report dated 6 April 2020, are paid as an expense of the administration;
- (2) THAT the joint administrators' fees be fixed as set out in our remuneration report dated 6 April 2020, on a time cost basis based on the time properly given by the joint administrators and their staff in attending to the matters arising in the administration up to £129,058 (plus VAT); and;
- (3) THAT the administrators be authorised to draw disbursements for services provided by their own firm (Category 2 disbursements) as follows: Photocopying - charged for circulars to creditors and other bulk copying only at 10p per sheet; mileage - at a maximum of 70p per mile (up to 2,000 cc) or 91p per mile (over 2,000cc) from time to time. These rates may periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. All other disbursements to be charged at cost.
- (4) THAT the administrators be discharged from liability pursuant to Paragraph 98(1) of Schedule B1 to the Insolvency Act 1986 in respect of any action of theirs as administrators 14 days after they cease to be joint administrators of the company.

(c) Insert date

We therefore invite you to vote on the above. To submit your vote please indicate below whether you are voting for or against each resolution and return this notice to us by post at the address below, to be received by us by 23.59 hrs on (c) 4 May 2020 (the decision date).

In order to be entitled to vote we must receive from you by 23.59 hrs on the decision date, a proof in respect of your claim in accordance with the Insolvency (England and Wales) Rules 2016 (IR16), failing which your vote will be disregarded. A proof of debt form which you can use is attached.

If your debt is treated as a small debt in accordance with rule 14.31(1) IR16 (creditors with claims of £1,000 or less), you must still deliver a proof to us by 23.59 hrs on the decision date if you wish to vote.

If you have opted out from receiving notices you may nevertheless vote if you provide a proof as set out above.

Creditors who meet one of the thresholds in section 246ZE of the Insolvency Act 1986 may, within five business days from the date of delivery of this notice, require a physical meeting to be held to consider the matter(s) set out above. The relevant thresholds are 10% in value of creditors, 10% in number of creditors, or 10 creditors.

A creditor may appeal a decision in accordance with rule 15.35 IR16 by applying to court not later than 21 days after the decision date.

Signed 

Joint administrator

Dated 6 April 2020

Address for correspondence Administrators' postal address: Central Square, 29 Wellington Street, Leeds LS1 4DL

Administrators' contact telephone number: 0113 288 2046

In accordance with rule
15.9 of the Insolvency
(England and Wales)
Rules 2016

Name of Company D&J (Steels) Limited	Company Number 06508325
In the High Court of Justice Business and Property Courts in Birmingham Insolvency and Companies List (ChD)	Court case number CR-2019-BHM-000713

To be completed by creditor and returned to the postal address above if you wish to vote

Insert creditor's name
and address, and
registered number if a
company

I/We

Company number (if creditor is a company) _____

of _____

vote as follows:

	Delete as applicable *
Resolution (1) THAT the pre-administration costs of £48,702.27 (plus VAT), as disclosed in our remuneration report dated 6 April 2020, are paid as an expense of the administration	* for / against
[Resolution (2)] THAT the joint administrators' fees be fixed as set out in our remuneration report dated 6 April 2020, on a time cost basis based on the time properly given by the joint administrators and their staff in attending to the matters arising in the administration up to £129,058 (plus VAT); and;	* for / against
Resolution (3) THAT the administrators be authorised to draw disbursements for services provided by their own firm (Category 2 disbursements) as follows: Photocopying - charged for circulars to creditors and other bulk copying only at 10p per sheet; mileage - at a maximum of 70p per mile (up to 2,000 cc) or 91p per mile (over 2,000cc) from time to time. These rates may periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. All other disbursements to be charged at cost.	* for / against
Resolution (4) THAT the administrators be discharged from liability pursuant to Paragraph 98(1) of Schedule B1 to the Insolvency Act 1986 in respect of any action of theirs as administrators 14 days after they cease to be joint administrators of the company.	* for / against

I/we enclose my/our proof of debt (if not previously submitted).

Signature of creditor or person authorised to act on behalf of the creditor:

Name in block capitals: