

The Insolvency Act 1986

## Statement of Joint Administrators' proposals

Name of Company Conway Stewart Manufacturing (UK) Limited	Company number 07381776
In the County Court Plymouth	Court case number 164 of 2014

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

We (a) Jason Mark Elliott and Craig Johns of Cowgill Holloway Business Recovery LLP, Regency House, 45 – 51 Chorley New Road, Bolton, BL1 4QR

attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 20 October 2014

Signed



Craig Johns - Joint Administrator

Dated 20 October 2014

### 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.

	Tel
DX Number	DX Exchange

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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

## Notice of conduct of business by correspondence

Name of Company  
Conway Stewart Manufacturing (UK) Limited

Company number  
07381776

In the County Court Plymouth

Court case number  
164 of 2014

Notice is hereby given by Jason Mark Elliott and Craig Johns of Cowgill Holloway Business Recovery LLP, Regency House, 45 – 51 Chorley New Road, Bolton, BL1 4QR to the creditors of Coupe Foundry Limited whose registered office is at c/o Cowgill Holloway Business Recovery LLP, Regency House, 45 – 51 Chorley New Road, Bolton, BL1 4QR that pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, below are a number of resolutions for your consideration. Please indicate whether you are in favour or against each resolution.

This form must be received at Cowgill Holloway Business Recovery LLP, Regency House, 45 – 51 Chorley New Road, Bolton, BL1 4QR by 12 00 hours on 5 November 2014 in order to be counted. It must be accompanied by details in writing of your claim. Failure to do so will lead to your vote(s) being disregarded.

### Resolutions (\* delete as appropriate)


- 1 That the Joint Administrators' proposals be approved I am \*in Favour / Against
- 2 Under Rule 2 67A of the Insolvency (Amendment) Rules 2010 and in the absence of a Creditors' Committee, the unpaid pre-administration costs as detailed in the Joint Administrators' proposals be approved I am \*in Favour / Against
- 3 Under Rule 2 106 of the Insolvency (Amendment) Rules 2010 and in the absence of a Creditors' Committee, the remuneration of the Joint Administrators be fixed by reference to time properly spent by the Joint Administrators and their staff in attending to matters arising in the Administration as detailed in the Joint Administrators' proposals I am \*in Favour / Against
- 4 In accordance with Statement of Insolvency Practice No 9, issued by the Association of Business Recovery Professionals, the Joint Administrators be authorised to draw Category 2 disbursements in accordance with his firm's published tariff I am \*in Favour / Against
- 5 In accordance with Statement of Insolvency Practice No 9, issued by the Association of Business Recovery Professionals, the Joint Administrators be authorised to draw remuneration and disbursements as and when funds are available I am \*in Favour / Against
- 6 The Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect I am \*in Favour / Against

**To be completed by the creditor when returning the form**

Name of creditor \_\_\_\_\_

Signature of creditor \_\_\_\_\_

(If signing on behalf of creditor, state capacity e g director/solicitor) If you require any further details or clarification prior to returning your votes, please contact me / us at the address above

Signed  \_\_\_\_\_  
Craig Johns - Joint Administrator

Dated 20 October 2014

**Joint Administrators' Report  
and Statement of Proposals**

**Conway Stewart Manufacturing  
(UK) Limited -  
In Administration**

**15 October 2014**



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## CONWAY STEWART MANUFACTURING (UK) LIMITED - IN ADMINISTRATION

### 1 Statutory Information

- 1.1 The registered number of Conway Stewart Manufacturing (UK) Limited ("the Company") is 07381776
- 1.2 The trading address of the Company was Unit 2 and 3 Haxter Close, Roborough, Plymouth, Devon, PL6 7DD. The business traded under the name Conway Stewart Manufacturing (UK) Limited and Conway Stewart
- 1.3 The registered office of the Company has been changed from Unit 2 and 3 Haxter Close, Roborough, Plymouth, Devon, PL6 7DD to c/o Cowgill Holloway Business Recovery LLP, Regency House, 45-51 Chorley New Road, Bolton, BL1 4QR
- 1.4 Details of the Company's directors and secretary are as follows

Director(s)	Date of Appointment	Date of Resignation	Date of Termination
Mr A Cheshire	31 March 2014	Still in Office	n/a
Miss C Care	1 January 2013	27 June 2014	n/a
Mr A Rawji	20 September 2010	1 April 2014	n/a
Secretary			
n/a			

### 2 Background to the Administration

- 2.1 The Company was incorporated by Mr A Rawji on 20 September 2010 as a vehicle to purchase the business and assets of Conway Stewart & Company Limited from its Joint Administrators. The Company manufactures and supplies high quality pens under the brand "Conway Stewart" ("the Brand"). The Brand is owned by a third party who granted a licence to the Company for it to use the Brand. The Company manufactures products for UK customers and also exports manufactured products worldwide. The Company has in the past supplied pens to global figures including Royalty, Prime Ministers and Presidents of America.
- 2.2 The Company traded from a leased premises at Unit 2 and 3 Haxter Court, Roborough, Plymouth, Devon, PL6 7DD.

## CONWAY STEWART MANUFACTURING (UK) LIMITED - IN ADMINISTRATION

- 2.3 The Company is wholly owned subsidiary of Plymouth Pen Company Limited (formerly Conway Stewart & Company Limited) ("PPC") who have been granted the benefit of a debenture incorporating a fixed and floating charge over the assets of the Company, which was created on 3 November 2010 and registered on 9 November 2010. PPC has historically supported the Company financially via loans which have been utilised for working capital.
- 2.4 The Company had traded successfully for a number of years. In March 2014, Mr A Cheshire, who is a director of PPC, was appointed as a director of the Company and PPC invested a further £25,000 into the business by way of a loan. At this stage, the directors were discussing a sale/merger with a competitor.
- 2.5 In May 2014, the licence granted to the Company for the use of the Brand was withdrawn by Conway Stewart Global Brands Limited.
- 2.6 In June 2014, three management consultants were employed by the director to assist with the day to day running of the Company and to improve trading via increased sales opportunities.
- 2.7 It was understood that the three consultants, once aware of the director's wish to sell the business, expressed an interest in purchasing the business; however, an agreement could not be reached.
- 2.8 For a number of recent months the Company had been experiencing cash flow problems and significant liabilities had been incurred. The Company had been placed "on stop" by a number of key suppliers and the Company had been reducing its stock levels held at the Company's trading premises. As a result of this, the director sought advice from the Company's accountants who recommended that formal insolvency advice was required.
- 2.9 Following meetings with the director and CHBR on 31 July 2014, it was apparent that the Company could not continue in its current form. The Company was irretrievably insolvent and could not continue to trade without a significant injection of funds. The director advised that there was a possibility that additional investment may be forthcoming and discussions to this effect were ongoing, however, on 26 August 2014, the director confirmed that the investment was not forthcoming and that he wished to instruct CHBR.

## CONWAY STEWART MANUFACTURING (UK) LIMITED - IN ADMINISTRATION

- 2 10 As such, Independent valuation agents Winterhill Largo Plc ("Winterhill") were instructed to provide a report and valuation of the assets of the Company. On 27 August 2014, Winterhill attended the Company's premises and provided a valuation reports, in order that an appropriate strategy could be formulated.
- 2 11 Following an initial assessment of the business and assets of the Company and discussions with potential interested parties and advice from Winterhill, it was believed that Administration would be the most appropriate process and that one of the statutory purposes pursuant to Paragraph 3(1) of schedule B1 of the Insolvency Act 1986 could be achieved. As a result, the director formally engaged CHBR on 27 August 2014.
- 2.12 Form 2 8B, Notice of Intention to Appoint an Administrator ("NOI") was served on PPC who consented to the appointment immediately. By filing NOI, the Company was protected from its creditors for ten days via an interim moratorium.
- 2 13 In the interim, CHBR and Winterhill reviewed the Company's work in progress to see whether a short trading period was viable and appropriate, in order to try to complete current unfinished orders to generate increased assets for the benefit of creditors. Following the review it was noted that a small amount of work in progress would be able to finished under the instruction of CHBR, following appointment; however, the Company lacked the necessary fountain pen nibs to complete the majority of the work in progress. The director advised that the Company had been placed "on stop" by the supplier. In addition, CHBR and Winterhill calculated that the costs associated with continued trading, whilst the Company was in Administration, would be greater than proceeds associated with completing the outstanding orders.
- 2 14 Winterhill had also advised that due to the fact that the Brand was not owned by the Company, this would cause a risk to any party wishing to purchase the business. As a result, it did not envisage that a protracted marketing campaign would result in a sale of the business, particularly at a level which would outweigh what could be achieved by selling the physical assets via auction.

- 2 15 PPC consented to CHBR's appointment of Joint Administrators on 28 August 2014 and Form 2 9B, a Notice of Appointment of an Administrator was filed on the same date. As a result, Jason Mark Elliott and Craig Johns of CHBR, Regency House, 45 – 51 Chorley New Road, Bolton, BL1 4QR, both licensed insolvency practitioners, were appointed Joint Administrators of the Company by a director on 28 August 2014.
- 2 16 It was decided that it was not appropriate to trade the Company. As such, following the Joint Administrators' appointment the Company ceased to trade with the four employees being made redundant.
- 2 17 The Administration is registered in the County Court Plymouth, under reference number 164 of 2014.
- 2.18 The EC Regulation on Insolvency Proceedings 2000 applies to the Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

### **3 Administration Strategy and Objective**

- 3 1 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
- rescuing the Company as a going concern,
  - achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), or
  - realising property in order to make a distribution to one or more secured or preferential creditors.
- 3 2 Further information on the pursuance of the above objectives is detailed below.

- 3.3 During the period of the interim moratorium, following the filing of the NOI, the option of a Company Voluntary Arrangement ("CVA") was discussed with the Director, however, the Company was under increasing pressure from a number of creditors and it was understood that a CVA would not be supported by the requisite majority of creditors. In addition, the Company's ongoing trading was restricted as it had recently had the licence to utilise the Brand removed and it had insufficient working capital. Furthermore, the Company had been making losses and it was understood that a CVA was not viable, as it was unlikely that contributions plus ongoing costs could be met.
- 3.4 The consultants that had recently joined the Company advised that they had recently discussed making an offer for the Company with its director. The offer, however, required the director to inject further funds into the business, which he confirmed he was not able to do.
- 3.5 From a review of the business, it was apparent that a small proportion of the current work in progress was nearing completion. However, the Company had a reduced stock of fountain pen nibs and precious metal parts which were required to complete the orders and the Company had been placed "on stop" by the supplier of these parts. The supplier was also based in Germany with orders taking a significant time to arrive. In addition, Winterhill and CHBR had liaised with the existing management to establish what costs were associated with completing the work in progress. Once this information was received and reviewed, it became apparent that it would not be profitable to complete the outstanding work in progress and therefore not be in the creditors' interests.
- 3.6 As such, and as it was understood that no party was interested in purchasing the business in its current form, it was deemed that the first objective of the Administration, rescuing the Company as a going concern, could not be achieved.
- 3.7 Following the Joint Administrators' appointment, the Company ceased to trade and the four employees were made redundant. Winterhill began to market the business and assets of the Company on a non-trading basis.

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- 3.8 Prior to their appointment, the Joint Administrators were made aware that the Brand was not owned by the Company. The Company had been using the brand under a five year licence which is due to expire in 2016. The Brand is owned by Conway Stewart Global Brands Limited.
- 3.9 Please note the majority of the shareholding in Conway Stewart Global Brands Limited is owned by an independent third party.
- 3.10 As detailed in Section 2 of this report, Winterhill were instructed to provide advice in relation to the disposal of the business and assets and undertook an intensive and short term marketing campaign to generate interest in the business and assets. Winterhill conducted an email marketing campaign with some 1,000 users registered through its website. Winterhill also made contact with a number of parties who had made direct contact with the Joint Administrators.
- 3.11 The Joint Administrators also advertised the business through the CHBR website and circulated the business and assets opportunity to all partners in Cowgill Holloway LLP for them to consider any clients who may be interested.
- 3.12 Winterhill issued 10 Non-Disclosure Agreements ("NDAs") to interested parties of which six were returned. However, of the six parties who received additional Company information, only one presented an offer. The offer was subject to the interested party being provided with an opportunity to attend the Company's trading premises. Winterhill were unable to provide an opportunity to attend the trading premises as the rent was only paid up to the end of September 2014. Winterhill also advised that this offer was likely to be negatively affected by the branding issues.
- 3.13 Winterhill advised that the majority of the interest in the Company was withdrawn due to the fact that the Brand was not owned by the Company and the uncertainty this created regarding continued trading. Winterhill advised interested parties were reticent to offer to purchase the business and assets on a speculative basis with no guarantee that they would have continued use of the licence to utilise the Brand.
- 3.14 Following the withdrawal of all interest in purchasing the business and assets, Winterhill advised that the physical assets of the Company should be sold via an auction, to generate the greatest realisations for creditors.

- 3 15 Winterhill conducted an online auction which concluded on 18 September 2014. Winterhill advised that auction receipts totalled £86,910 plus VAT. Winterhill are holding these funds to the Joint Administrators order. Winterhill will continue to collect the remaining auction sales proceeds.
- 3 16 According to the books and records of the Company, the Company had outstanding book debts totalling £81,849, however, it is expected that disputes will be received. The Joint Administrators retained the services of Equal Accounting to assist with the debt collection exercise. Funds totalling £1,809 have been received from two debtors to date.
- 3 17 Based upon current information, projected asset realisations are likely to be sufficient to satisfy the second objective of Administration, namely, 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).
- 3.18 The Joint Administrators anticipate being able to discharge the preferential creditors in full and anticipate making a distribution to PPC under its qualifying floating charge holder.
- 3 19 The Company granted a floating charge to PPC which was created on 3 November 2010 and registered on 9 November 2010. Accordingly, we are required to create a fund out of the Company's net floating charge property for unsecured creditors from which a distribution will be made in a subsequent Liquidation.

#### **4 Joint Administrators' Receipts and Payments**

- 4.1 A summary of receipts and payments for the Administration period from the date of our appointment to 10 October 2014 is attached as Appendix A.
- 4 2 Petty cash in the sum of £55 was collected from the Company's trading premises.
- 4 3 As noted in Section 3 of this report, the Joint Administrators retained the services of Equal Accounting to assist with the debt collection exercise. Funds totalling £1,809 have been received from two debtors to date. The collection of the outstanding book debts is ongoing.

- 4.4 As advised in Section 3 of this report, Winterhill conducted an online auction for the Company's physical assets comprising the stock, plant & machinery and office equipment which concluded on 18 September 2014. Winterhill have advised that funds totalling £86,910 resulting from the auction sales are currently held by Winterhill to the order of the Joint Administrators. These funds will be transferred to the Administration bank account in due course. These monies are represented on the Receipts and Payments account as "Funds Held by Agents"
- 4.5 As advised in Section 3 of this report, the Joint Administrators retained the services of Equal to assist with book debt collections. Equal have advised that book debts totalling £18,168, \$2,699 and €3,129 have paid directly into the Company's bank accounts. These receipts are likely to be received in due course but may be subject to final charges and interest. The Joint Administrators have received book debt realisations, directly, in the sum of £1,809
- 4.6 Funds totalling £47 have been received in relation to an insurance refund. No further sums are anticipated from this source
- 4.7 Funds totalling £2,615 has been received representing an overpayment made to a supplier prior to the appointment of the Joint Administrators

## **5 Financial Position**

- 5.1 Attached at Appendix B is a summary of the Director's Estimated Statement of Affairs ("SoA") of the Company as at the date of the appointment of the Joint Administrators
- 5.2 We have the following observations to make in relation to the Director's Estimated Statement of Affairs
- 5.3 The book values for the physical assets have been provided by the director and are based on the Company's latest financial accounts and management accounts, however, stock, in particular was at a significantly lower value as at the date of appointment and this is reflected in the "Uncertain" estimated to realise value.
- 5.4 The book debts of the Company have a book value of £81,849 and are estimated to realise £53,000 which includes a provision for bad and disputed debts

## CONWAY STEWART MANUFACTURING (UK) LIMITED - IN ADMINISTRATION

- 5 5 The cash at bank value is the estimated balance based upon the balances of the Company three bank accounts as at the date of Administration, however, it is understood that additional funds have been paid into the account although the quantum is not known. The Company operated Sterling, Euro and Dollar accounts. The Euro and Dollar credit balances have been converted to sterling for the purposes of the SoA, utilising the exchange rate of the date of Administration, and have been added together.
- 5 6 The claims of the Department for Business, Innovation and Skills ("BIS") represents employees estimated claims under the Employees Rights Act 1996 in respect of arrears of pay to a maximum of £800 per employee and holiday pay which are claimed preferentially. The Company's employees were made redundant on 28 August 2014 and a preferential claim in the sum of approximately £6,140 is expected.
- 5 7 The Company granted a debenture to PPC incorporating a fixed and floating charge over the assets of the Company which was created on 3 November 2010 and registered on 9 November 2010. As at the date of appointment it was estimated that Plymouth were owed £307,653.
- 5 8 The Joint Administrators will be required to create a fund out of the Company's net floating charge property for the benefit of unsecured creditors because as noted above the security granted to PPC was registered with the Registrar of Companies after 15 September 2003.
- 5 9 The figures included for all unsecured trade and expense creditors are not agreed figures and are estimated based upon the Company's records as at the date of appointment.
- 5 10 The figures included for the liabilities due to HM Revenue & Customs ("HMRC") in respect of PAYE/NIC have been taken from the Company's books and records and information provided by HM Revenue & Customs.
- 5 11 As noted above the Company employed four staff all of whom were made redundant on 28 August 2014. It is anticipated that the employees will have an unsecured claim in respect of pay in lieu of notice and redundancy pay although this is not reflected in the director's SoA. It is anticipated that these claims will total £3,964.
- 5 12 Please note that the SoA is prepared before the provision of costs.

**6      Proposals**

- 6.1      It is proposed that the Joint Administrators will continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that
- 6.2      Asset realisations in respect of the Company shall be continued and finalised, specifically, but not limited to, the collection of the book debt ledger and receipt of the cash at bank and funds held by Winterhill
- 6.3      If having realised the assets of the Company, the Joint Administrators think that a distribution will be made to the unsecured creditors, they propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Joint Administrators to an end and will move the Company automatically into Creditors' Voluntary Liquidation ("CVL") in order that the distribution can be made. In these circumstances, it is proposed that the Joint Administrators will become the Joint Liquidators of the CVL and where the acts of the Joint Liquidators may be undertaken by either or both of them. See Section 7 below on Exit Routes for further information on this process.
- 6.4      The Joint Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they consider desirable or expedient to achieve the statutory purpose of the Administration.
- 6.5      Should the creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of the Joint Administrators' remuneration and disbursements and any proposed act on the part of the Joint Administrators without the need to report back to a further meeting of creditors generally, to include any decision regarding the most appropriate exit route from the Administration.
- 6.6      The basis of the Joint Administrators' remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by them
- as a percentage of the value of the assets they have to deal with, or
  - by reference to time properly spent by the Joint Administrators and their staff managing the Administration, or

- as a set amount

6 7 Where no Creditors' Committee is appointed, the remuneration and disbursements of the Joint Administrators shall be fixed by resolution of a meeting of creditors or where the Joint Administrators think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the prescribed part), approval will be sought from the secured and (if necessary) the preferential creditors in accordance with R2.106 of the Insolvency Rules 1986. The Joint Administrators will also seek approval for any unpaid pre-administration costs detailed in this report and their discharge from liability in the same manner.

6 8 In this case, the Joint Administrators are seeking to approve the basis of their remuneration as follows:

- By reference to the time properly spent by the Joint Administrators and their staff in attending to matters arising in the Administration.

6 9 The Joint Administrators be authorised to draw remuneration as and when funds are available.

6 10 The Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect.

## **7 Exit Routes**

### ***Creditors Voluntary Liquidation***

7 1 Based upon present information, the Joint Administrators think a dividend will be paid to the unsecured creditors via the prescribed part fund. In this situation, the Joint Administrators will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation (CVL). It is proposed that the Joint Administrators will also become the Joint Liquidators of the CVL.

- 7.2 Creditors have the right to nominate an alternative liquidator of their choice. To do this, creditors must make their nomination in writing to the Joint Administrators prior to these proposals being approved. Where this occurs, the Joint Administrators will advise creditors and provide the opportunity to vote. In the absence of a nomination, the Joint Administrators will automatically become the Joint Liquidators of the subsequent CVL.

***Dissolution of the Company***

- 7.3 If the Joint Administrators think that the Company has no property which might permit a distribution to its creditors, it is proposed that they file a notice together with their final progress report at Court and with the Registrar of Companies for the dissolution of the Company. They will send copies of these documents to the Company and its creditors. The Joint Administrators' appointment will end following the registration of the notice by the Registrar of Companies.

**8 Pre-administration Costs**

- 8.1 Pre-administration costs are defined as

- (i) Fees charged, and
- (ii) Expenses incurred

by the Joint Administrators, or another person qualified to act as an Insolvency Practitioner before the Company entered Administration (but with a view to its doing so), and "unpaid pre-administration costs" are pre-administration costs which had not been paid when the Company entered Administration.

- 8.2 The various parties scheduled at 8.4 below were instructed immediately prior to the Administration.
- 8.3 Winterhill were engaged to provide valuation advice in relation to the physical assets of the Company and to advise on strategy and completing the work in progress.
- 8.4 Pre-appointment fees charged and expenses incurred by the Joint Administrators are as follows:

## CONWAY STEWART MANUFACTURING (UK) LIMITED - IN ADMINISTRATION

Client/Expense Category	Description of Services Provided	Estimated Costs (including VAT)	Actual Costs (including VAT)	Disbursements (including VAT)	Reimbursement (including VAT)
Winterhill Largo Plc	Review and valuation of the Company's assets and providing advice in relation to a marketing strategy of the business and assets	£1,823 plus VAT	Nil	n/a	£1,823 plus VAT
CHBR	Providing advice to the Company, formulating a strategy for the Administration, discussions with agents regarding a marketing strategy	£12,715 plus VAT	Nil	n/a	£12,715 plus VAT

8.5 The payment of the unpaid pre-administration costs set out above as an expense of the Administration is subject to the approval of creditors, separately to the approval of the Joint Administrators' proposals. This approval will be the responsibility of the Creditors' Committee if one is appointed or, alternatively, by resolution of a meeting of creditors where there is no Committee

8.6 The Joint Administrators pre appointment time costs for the period to 28 August 2014 are £12,715 This represents 51 hours at an average rate of £248 per hour Attached at Appendix D is a Time Analysis which provides details of the activity costs incurred by staff grade to the above date

8.7 The majority of the Joint Administrators' pre appointment time has been spent as follows

### ***Planning & Strategy***

8.8 Time spent on this category, in the sum of £7,150 representing 25 hours at an average of £292 per hour, relates to, but is not limited to meeting with the director of the Company to discuss and review the financial position of the Company, formulating an appropriate strategy for the Administration, discussions with the charge holder regarding the position of the Company and proposed strategy of the Administration and meetings with Winterhill regarding marketing strategy and trading practicalities

***General Administration***

- 8.9 Time spent on this category, in the sum of £3,230 representing 15 hours at an average of £210 per hour, relates to, but is not limited to drafting and filing the necessary paperwork for the appointment of the Joint Administrators, including but not limited to, the notice of intention to appoint and notice of appointment of Joint Administrators, liaising with creditors and submitting form 2.8(b) to PPC and liaising with PPC in relation to the proposed strategy

**9 Joint Administrators' Remuneration**

- 9.1 The Joint Administrators' time costs at 10 October 2014 are £28,994. This represents 130 hours at an average rate of £223 per hour. As noted in the Proposals section above, the Joint Administrators are seeking to fix the basis of their remuneration by reference to the time properly spent by the Joint Administrators and their staff in dealing with matters arising in the Administration. Appropriate approval will be sought as outlined in section 6 of this report.
- 9.2 A copy of "A Creditors' Guide to Administrators' fees" is available on request or can be downloaded from [www.cowgills.co.uk/services/business-recovery-insolvency.html](http://www.cowgills.co.uk/services/business-recovery-insolvency.html). If you would prefer this to be sent to you in hard copy please contact Charles Everitt of this office on 0161 827 1200.
- 9.3 Attached as Appendix D is a Time Analysis which provides details of the activity costs incurred by staff grade to the above date.

***Asset Realisation / Management***

- 9.4 Time spent on this category, in the sum of £9,760 representing 46 hours at an average of £213 per hour, relates to, but is not limited to liaising with agents regarding a marketing strategy for the business, valuation process and strategy for the disposal of assets, corresponding and communicating with interested parties.

***Returns and Reporting***

- 9 5 Time spent on this category, in the sum of £8,365 representing 32 hours at an average of £260 per hour, relates to but is not limited to, preparing and circulating the Joint Administrators' report and statement of proposals

***Steps on Appointment***

- 9.6 Time spent on this category, in the sum of £3,115 representing 15 hours at an average of £202 per hour, relates to but is not limited to, dealing with the general post appointment matters and the circulation of all relevant documentation following the Joint Administrators' appointment

***Planning and Strategy***

- 9 7 Time spent on this category, in the sum of £3,150 representing 12 hours at an average of £274 per hour, relates to, but is not limited to meetings with agents to discuss a strategy for the marketing, disposal of assets, planning and management for any proposed trading period.
- 9 8 Attached as Appendix E is additional information in relation to our firm's policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade

**10 Estimated Outcome**

- 10.1 An Estimated Outcome Statement ("EoS") of the Administration as at 17 October 2014 is attached as Appendix F.
- 10 2 The Company granted security to PPC incorporating a fixed and floating charge over the assets of the Company The security was created on 3 November 2010 and registered on 9 November 2010 As at 28 August 2014 the liability outstanding to Plymouth was £307,653

- 10 3      Following the Joint Administrators' appointment, a review of the book debt ledger was undertaken and it was established that £81,849 was outstanding. The book debt ledger comprised debts in sterling, euro and dollar amounts. For the purposes of the EoS, the Euro and Dollar bank balances have been converted to sterling amounts at the prevailing exchange rates on the date of the Administration and the exact amount to be received from book debts will be subject to exchange rate fluctuations. The Joint Administrators have applied a 30% provision to the EoS to take account of bad and disputed book debts and as such, £57,294 has been included as the Estimated to Realise Value.
- 10 4      As noted in Section 3 of this report, the Joint Administrators retained the services of Equal Accounting to assist with the book debt collections. Subsequently the Joint Administrators have received funds totalling £1,809.
- 10 5      The Company's bankers were National Westminster Bank Plc ("Natwest"). The Company operated three bank accounts for Sterling, Euro and Dollars. For the purposes of the EoS the Euro and Dollar bank balances have been converted to sterling amounts at the prevailing exchange rates on the date of the Administration, and have been added together with the Sterling bank account balance the exact amount to be received from Natwest is therefore subject to exchange rate fluctuations.
- 10.6      The Cash at Bank figure included on the EoS is the credit balance as at the date of the Joint Administrators' appointment and does not include a number of book debts which have been advised have been paid into the Natwest bank account following the Joint Administrators' appointment. These book debt receipts are included in the "Trade Debtors" of the EoS.
- 10 7      The Joint Administrators have requested that the credit balances on the accounts be transferred to the Joint Administrators' specialist Administration bank account. The figure included in the EoS does not include any final charges and interest which Natwest may be entitled to charge.
- 10 8      As detailed above the physical assets of the Company were sold by Winterhill at auction on 18 September 2014. Winterhill have confirmed sales receipts from the auction totalled £86,910 plus buyers commission and VAT. These funds are currently held by Winterhill to

## CONWAY STEWART MANUFACTURING (UK) LIMITED - IN ADMINISTRATION

the Joint Administrators order. The Joint Administrators will provide a further update on these realisations in their next report.

- 10.9 On attendance at the Company premises on the date of Administration petty cash in the sum of £55 was secured and placed into the Administration bank account.
- 10.10 Four employees were employed by the Company as at the date the Company entered Administration. On 28 August 2014 the Joint Administrators terminated the contracts of the four employees. The director has advised that August salaries were outstanding and therefore the employees have a preferential claim for arrears of wages up to the statutory maximum of £800 per employee and unpaid holiday pay and an unsecured claim for pay in lieu of notice and redundancy pay.
- 10.11 The claims of the Department for Business, Innovation and Skills ("BIS") represent employees' estimated claims under the Employees Rights Act 1996 in respect of arrears of pay to a maximum of £800 per employee and holiday pay which are claimed preferentially.
- 10.12 The Company granted a floating charge to PPC which was created on 3 November 2010 and registered on 9 November 2010. Accordingly, we are required to create a fund out of the Company's net floating charge property for unsecured creditors. It is estimated that the Company's net floating property will be £63,802 and therefore the prescribed part fund for the benefit of the unsecured creditors is estimated at £15,760.
- 10.13 Employees are also entitled to submit claims to BIS in respect of redundancy pay, pay in lieu of notice and any arrears of pay which cannot be claimed preferentially. Such claims will rank as unsecured non preferential claims in the Liquidation.
- 10.14 The figures included for all unsecured trade and expense creditors are not agreed figures and are estimated based upon the Company's records as at the date of appointment.
- 10.15 The figures included for the liabilities due to HM Revenue & Customs ("HMRC") in respect of PAYE/NIC, VAT and Corporation Tax have been taken from the Company's books and records and information provided by HM Revenue & Customs.
- 10.16 Based on the above information it is anticipated that a distribution will be payable to the unsecured creditors from the prescribed part fund. It is estimated that the prescribed part

fund will be £15,760 and therefore the dividend to the unsecured creditors will be 23 pence in the pound.

- 10 17 Please note the EoS is a guide based on the estimated realisable value of the assets and any return to creditors is wholly dependent on future realisations being in line with those estimates detailed above.

**11 Next Report**

- 11 1 The Joint Administrators are required to provide a progress report within one month of the end of the first six months of the Administration.

**12 Meeting of Creditors**

- 12 1 An initial meeting of the Company's creditors is being convened to approve the Joint Administrators' proposals. However, in order to save costs, we propose holding the meeting by correspondence under the provisions of Rule 2.48 of the Insolvency Rules 1986 (as amended)
- 12 2 Further information on the meeting is contained in the letter accompanying this report
- 12 3 The Joint Administrators are obliged to hold a Creditors' meeting if 10% in value of the Creditors request it. If you wish for a meeting to be held, you must notify us in writing in the prescribed form on or before 27 October 2014. In the absence of any such request, the proposals will be deemed approved.

For and on behalf of  
Conway Stewart Manufacturing (UK) Limited



Craig Johns  
Joint Administrator

## Appendix A

**Receipts and Payments Account for the Period from 28 August 2014 to  
17 October 2014**

	Statement of Affairs £	From 28 August 2014 to 17 October 2014 £
<b>INCOME</b>		
Petty Cash	-	55
Overpayment to Suppliers	2,614	2,615
Book Debts	53,000	1,809
Insurance Refund	-	47
Funds Held by Agents	25,500	86,910
	<hr/> 81,114	<hr/> 91,436
<b>EXPENDITURE</b>		
Specific Bond	-	144
Re-direction of Mail	-	120
	<hr/> 0	<hr/> 264
		<hr/> <b>91,172</b>
<b>MADE UP AS FOLLOWS</b>		
Cash at Bank		4,327
Cash held by Winterhill		86,910
Office Account		(65)
		<hr/> <b>91,172</b>

**Appendix B**

**Summary of Director's Statement of Affairs of the Company as at 28  
August 2014**

**STATEMENT OF AFFAIRS**

Name of Company

Conway Stewart Manufacturing (UK) Limited

Company Number

07381776

In the

County Court Plymouth

Court case number

164 / 2014

Statement as to the affairs of

Conway Stewart Manufacturing (UK) Limited

2-3 Haxter Close

Roborough

Plymouth

Devon

on the 28 August 2014, the date that the company entered administration

**Statement of Truth**

I believe the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at 28 August 2014 the date that the company entered administration

Full Name

ALAN CHESHIRE

Signed



Dated

21st SEPTEMBER 2014

Conway Stewart Manufacturing (UK) Limited  
Statement Of Affairs as at 28 August 2014

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
<b>Assets subject to fixed charge:</b>		
<b>Assets subject to floating charge:</b>		
Plant & Machinery	2,901 00	25,000 00
Office Equipment	2,701.00	500 00
Goodwill	1 00	NIL
Website	1,086 00	NIL
Stock	178,797 00	Uncertain
Trade Debtors	81,849 00	53,000 00
Overpayment to Suppliers	2,622 00	2,614 00
Cash at Bank	13,712 00	13,712 00
<b>Uncharged assets:</b>		
<b>Estimated total assets available for preferential creditors</b>		<b>94,826 00</b>

Signature  Date 21/9/14.

Conway Stewart Manufacturing (UK) Limited  
Statement Of Affairs as at 28 August 2014

A1 - Summary of Liabilities

		Estimated to Realise £
<b>Estimated total assets available for preferential creditors (Carried from Page A)</b>		94,826 00
<b>Liabilities</b>		
Preferential Creditors -		
Employee Arrears/Hol Pay	6,140 00	6,140 00
<b>Estimated deficiency/surplus as regards preferential creditors</b>		88,686 00
Debts secured by floating charge pre 15 September 2003		
Other Pre 15 September 2003 Floating Charge Creditors		NIL
		88,686 00
Estimated prescribed part of net property where applicable (to carry forward)		20,737 20
<b>Estimated total assets available for floating charge holders</b>		67,948 80
Debts secured by floating charges post 15 September 2003		
Plymouth Pen Company Limited	307,653 00	307,653 00
<b>Estimated deficiency/surplus of assets after floating charges</b>		(239,704 20)
Estimated prescribed part of net property where applicable (brought down)		20,737 20
<b>Total assets available to unsecured creditors</b>		20,737 20
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade & Expense Creditors	59,190 00	
Customer Deposits	4,346 00	
HM Revenue & Customs - PAYE/NIC	1,158 00	
		64,694 00
<b>Estimated deficiency/surplus as regards non-preferential creditors</b>		(43,956 80)
<b>(excluding any shortfall in respect of F.C's post 14 September 2003)</b>		
Shortfall in respect of F C's post 14 September 2003 (brought down)		239,704 20
<b>Estimated deficiency/surplus as regards creditors</b>		(283,661 00)
Issued and called up capital		
Ordinary Shareholders	1 00	1 00
<b>Estimated total deficiency/surplus as regards members</b>		(283,662 00)

Signature  Date 21/9/14.

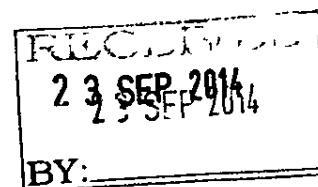
**FOR INTERNAL PURPOSES ONLY**

**Form 2.14B**

Conway Stewart Manufacturing (UK) Limited

Prescribed Part Applied

19 September 2014



## Appendix C

## Pre Appointment Time Analysis for the Period to 28 August 2014

	Partner	Director	Manager	Senior Administrator	Administrator	Total Hours	Total Cost £	Average Cost £
Planning & Strategy	7 00	10 00	2 50	5 00	-	24 50	7,150 00	291 84
Asset Realisations	-	-	2 90	6 00	-	8 90	1,805 00	202 81
Employee Matters	-	-	1 40	1 00	-	2 40	530 00	220 83
General Administration	-	-	7 40	6 00	2 00	15 40	3,230 00	209 74
<b>TOTAL</b>	7 00	10 00	14 20	18 00	2 00	51 20	12,715 00	248 34

## Appendix D

## Time Analysis for the Period from 28 August 2014 to 10 October 2014

	Partner	Director	Manager	Senior Administrator	Administrator	Cashier	Total Hours	Total Cost £	Average Cost £
Asset Realisation / Management	3 00	-	13 30	29 50	-	-	45 80	9,760 00	213 10
Creditor Claims	-	-	-	5 80	-	-	5 80	1,044 00	180 00
Employee Matters	-	-	3 80	5 00	-	-	8 80	1,850 00	210 23
General Administration	-	-	-	6 70	2 00	1 70	10 40	1,710 00	164 42
Planning & Strategy	-	9 00	-	2 50	-	-	11 50	3,150 00	273 91
Returns & Reporting	5 00	8 50	8 20	10 50	-	-	32 20	8,365 00	259 78
Steps on Appointment	-	-	4 90	10 50	-	-	15 40	3,115 00	202 27
<b>TOTAL</b>	<b>8 00</b>	<b>17 50</b>	<b>30 20</b>	<b>70 50</b>	<b>2 00</b>	<b>1 70</b>	<b>129 90</b>	<b>28,994 00</b>	<b>223 20</b>

## Appendix E

### **Additional Information in Relation to Administrator's Fees Pursuant to Statement of Insolvency Practice 9**

#### **1 Policy**

Detailed below is this firm's policy in relation to

- staff allocation and the use of sub-contractors,
- professional advisors, and
- disbursements

##### **1.1 *Staff Allocation and the use of Sub-contractors***

The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. Our charge out rate schedule below provides details of all grades of staff and their experience level.

On this case we are proposing to use the services of the following sub-contractors

Category	Particulars	Basis of Fee Arrangement	Plus VAT
Assistance with debtor collection	Equal Accounting	5% commission of all debts collected	Plus VAT

## 1.2 Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Winterhill Largo Plc (valuation and disposal advice)	Fixed Fee

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

## 1.3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Name of Professional Advisor	Basis of Fee Arrangement
AUA Insolvency Risk Services Limited (insurance)	Risk based insurance premium

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

We would confirm that this firm does not seek to charge any Category 2 disbursements.

## 2 Charge-out Rates

A schedule of Cowgill Holloway Business Recovery LLP's charge-out rates for this assignment effective from 1 March 2012 is detailed below

Staff Grade	Rate per Hour
Partner	£375
Consultant	£300
Director	£300
Manager	£250
Senior Administrator	£180
Administrator	£150
Cashier/Support	£120
Junior Administrator	£100

Please note that this firm records its time in minimum units of 6 minutes

## Appendix F

## Estimated Outcome Statement as at 17 October 2014

	Notes	Administration £
Assets Subject to Floating Charge		
Funds Held by Agents	1	86 910
Trade Debtors	2	57 294
Cash at Bank	3	13 712
Petty Cash	4	55
Insurance Refund	5	47
Overpayment to Suppliers	6	2 615
		<u>160 633</u>
Costs of Administration	7	(90 691)
		<u>69 942</u>
Estimated funds available for Preferential Creditors		
Less: Estimated Preferential Creditors	8	(6 140)
		<u>63 802</u>
Estimated Surplus / (Deficiency) to floating charge creditor		
Less: Prescribed Part c/d	9	(15 760)
		<u>48 042</u>
Less: Debts Secured by Floating Charge	10	(307 653)
Estimated Deficiency to Floating Charge c/d		<u>(259 611)</u>
Add Back: Estimated prescribed part of net property b/d		15 760
Less: Unsecured Creditors:		
Trade & Expense Creditors	11	(59 190)
Customer Deposits	12	(4 346)
HM Revenue & Customs PAYE/NIC	13	(1 158)
Employee Unsecured Claims	8	(3 964)
		<u>(68 658)</u>
Estimated Deficiency as regards Unsecured Creditors		<u>(52 898)</u>
Shortfall in respect of Floating Charge b/d		<u>(259 611)</u>
Estimated Deficiency as regards Creditors		<u>(312 509)</u>
Issued and Called up Share capital		(1)
Estimated (Shortfall) to Creditors		<u>(312 510)</u>

Estimated Dividend to Unsecured Creditors	22.95
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<b>Notes</b>	
1	The assets of the Company were sold at auction on 18 September 2014 by our agents Winterhill
2	Based on the trade debtors as at 28 August 2014. A 30% provision has been applied to debtor ledger to account for the bad and disputed debts. Please note that a number of book debts have been paid into the Company's bank account following the Joint Administrators appointment, however for the purposes of the Es5 these book debt receipts have been categorised as Trade Debtors
3	Based on the bank balance as at 28 August 2014. The Company operated three accounts a £, \$ and € account. The \$ and € credit balances have been converted to £ at the exchange rate on the date of Administration. The final amount received from Natwest is therefore subject to final exchange rate fluctuations, charges and interest
4	Petty Cash in the sum of £55 was collected from the Company's trading premises
5	Refund of Insurance premium
6	Overpayment made to supplier prior to the Joint Administrators appointment
7	Estimate below
8	Estimate based on claims submitted by the employees to the Redundancy Payments Office
9	The Company granted a floating charge to PPC on 3 November 2011. The Joint Administrators are therefore required to set aside an unsecured creditor fund from the available net property for the benefit of the unsecured creditors
10	PPC hold a fixed and floating charge over the assets of the Company. As at the date of Administration the outstanding liability was £307 653
11	Taken from the Company books and records and the information provided by creditors
12	Relates to deposits taken by the Company for orders prior to the date of appointment
13	Taken from the Company books and records and the information provided by HM Revenue & Customs

<b>Costs of Administration</b>	
Pre Appointment Costs	(12 715)
Pre Appointment Agents Fees	(1 500)
Pre Appointment Agents Disbursements	(323)
Office Holders Fees (estimated)	(40 000)
Legal Fees (estimated)	(5 000)
Agents Fees	(19 211)
Agents Disbursements	(9 078)
Debtor Collection Fees 5% collection fee	(2 865)
	<u>(90 691)</u>

**CONWAY STEWART MANUFACTURING (UK) LIMITED - IN ADMINISTRATION  
CREDITOR'S STATEMENT OF CLAIM**

Name and address of creditor

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Amount claimed in the Administration

(Including VAT)

£ \_\_\_\_\_

Signature of creditor

\_\_\_\_\_

Name of creditor

\_\_\_\_\_

Telephone

\_\_\_\_\_

Registered number (for Companies).

\_\_\_\_\_

Fax

\_\_\_\_\_

E-mail

\_\_\_\_\_

Date

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

Please provide appropriate documentation in support of your claim

If you are registered for VAT the amount claimed should include VAT even if VAT bad debt relief has been claimed under the Value Added Tax Act 1994

Please return this form when you have completed it to Charles Everitt at Cowgill Holloway Business Recovery LLP, Regency House, 45 – 51 Chorley New Road, Bolton, BL1 4QR.

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Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 Value Added Tax Act 1994. In broad terms relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account

Claims lodged in the Administration should be gross, including any VAT element. Amounts claimed should also be net of any discount and any adjustment made to set-off amounts owed by the creditor to the company in Administration. If/when dividends are paid, creditors who have claimed VAT bad debt relief must apportion the dividend between VAT and the net element of their claim and account to HM Revenue & Customs for the VAT element through their VAT return.

Insolvency Practitioners have no role in administering VAT bad debt relief under the Value Added Tax Act 1994. Creditors who are uncertain how to claim should contact their VAT office or take professional advice.