

The Insolvency Act 1986

Administrator's progress report

Name of Company

Matsar Specialist Coatings Limited

Company number

08057036

In the

High Court of Justice, Companies Court, London
(full name of court)

Court case number

9719 of 2015

(a) Insert full
name(s) and

I/We (a)

Robert David Adamson and

Patrick Lannagan

address(es)
administrator(s)

of Mazars LLP, Mazars House, Gelderd Road, Gildersome, Leeds, LS27 7JN

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

From

To

(b) Insert date

(b) 23 December 2015

(b) 22 June 2016

Signed

Joint / Administrator(s)

Dated

20/07/16

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.

Robert David Adamson

Mazars House, Gelderd Road, Gildersome, Leeds, LS27 7JN

DX Number

DX Exchange

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Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

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The Insolvency Act 1986

2.24B**Administrator's progress report**

Name of Company Matsar Specialist Coatings Limited	Company number 08057036
In the High Court of Justice, Companies Court, London (full name of court)	Court case number 9719 of 2015

(a) Insert full
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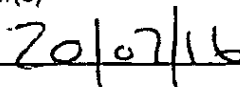
To

(b) 22 June 2016

Signed


Joint / Administrator(s)

Dated



Matsar Specialist Coatings Limited - In Administration

**Administrators' progress report covering the period
23 December 2015 to 22 June 2016**

Contents

Administrators' progress report

1	Introduction
2	Joint Administrators' Receipts and Payments
3	Asset Realisations and Details of Progress
4	Assets still to be realised
5	Estimated outcome statement
6	Liabilities
7	Prescribed Part
8	Investigations
9	Pre-Administration Costs
10	Joint Administrators' remuneration
11	Joint Administrators' disbursements
12	Expenses
13	Creditors' rights
14	Discharge of liability
15	Ending the Administration

Appendices

A	Statutory information
B	Administrators' Receipts and Payments Account
C	Estimated Outcome Statement
D	Analysis of the Administrators' remuneration
D1	Administrators' time costs for the current period
D2	Narrative Summary of Administrators' time costs
D3	Rates and Disbursements policy
E	Expenses Statement

Matsar Specialist Coatings Limited - In Administration

Joint Administrators' progress report covering the period from 23 December 2015 to 22 June 2016

To all known creditors

1. Introduction

- 1 1 This report is prepared pursuant to Rule 2.47 of the Insolvency Rules 1986, the purpose of which is to provide creditors with details of the progress of the Administration covering the six month period of the Administration to 22 June 2016
- 1 2 I was appointed Joint Administrator of the Company together with Mr Patrick Lannagan on 23 December 2015. I am authorised to act as an Insolvency Practitioner in the UK by the Insolvency Practitioners Association and Mr Lannagan is authorised in the UK by the Institute of Chartered Accountants in England and Wales.
- 1 3 The report should be read in conjunction with the Joint Administrators' proposals issued to creditors on 10 February 2016
- 1 4 The purpose of the Administration is realising property in order to make a distribution to one or more Secured or Preferential creditors
- 1 5 Statutory information regarding the Company and the Administration appointment is attached at Appendix A.

2. Joint Administrators' Receipts and Payments

- 2 1 A summary of the Joint Administrators' receipts and payments covering the period from the 23 December 2015 to 22 June 2016 is attached at Appendix B, which I trust is self-explanatory.
- 2 2 During the course of this report, the sum of £13,000 plus VAT was paid to and held by our solicitors in relation to the sale consideration detailed at paragraph 3.4 below. The final instalment of the sale consideration was received after the date of this report bringing the total realisations to £14,000 plus VAT. The sum of £14,000 plus VAT was subsequently remitted to the Administration by our solicitors
- 2 3 Further details on payments are dealt with in Section 6, 9, 10, 11 and 12 of the report.

3. Asset Realisations and Details of Progress

- 3 1 A sale of the Company's business and assets was considered upon appointment. However, due to the lapse of time between the cessation of trade and the appointment, it was considered that the business could no longer be sold as a going concern. Furthermore, all of the employees had been made redundant and there was limited work in progress that we were aware of.

The Administrators' strategy was, therefore, to take control of the Company's assets and to look to realise the value in them

- 3.2 The Company's plant and machinery, office furniture and business equipment were valued by Fox Lloyds Jones ("Fox Lloyd") at an in-situ value of £19,000 and ex-situ value of £11,500

3.3 Sale of Assets

- 3.3.1 Two offers were received for the Company's assets and following the recommendation of our agents, a sale of the Company's assets took place to Elite Powder Coatings Limited ("the Purchaser") on 12 January 2016, in the sum of £14,000 plus VAT.

- 3.3.2 A breakdown of the sale consideration by asset category is as follows.

	£
Plant and Machinery	11,000
Motor Vehicles	3,000
Total	14,000

- 3.3.3 In accordance with the sale agreement, £9,000 plus VAT was received upon completion, and the balance was to be paid in 5 monthly instalments of £1,000 per month. I can confirm that the sale consideration was received in full during the period of this report in the sum of £14,000 plus VAT. It will, therefore, not be necessary to rely upon the personal guarantees provided by the purchasing company. There will be no further realisations in this regard.

3.4 Encumbered Debtors

- 3.4.1 The Company had an invoice discounting facility provided by Metrobank SME Finance ("Metrobank"). The Company had an outstanding book debt ledger of £58,203 at the date of the appointment.

- 3.4.2 Metrobank were pursuing the outstanding ledger at the outset of the Administration. They have been paid in full under their fixed charge from the book debt collections in the sum of £37,331 inclusive of termination charges and are holding surplus funds from the collections in the sum of £1,000. They are in the process of remitting the surplus monies to the Administration.

- 3.4.3 They have also reassigned the remaining ledger in the sum of £20,000 to the Administrators to collect. Mazars Receivables Management ("MRM"), part of the Mazars Group, have been instructed to review and collect the remaining ledger. I have specifically chosen MRM because

they are experienced in dealing with the collection of book debts in an insolvency scenario. It is anticipated that the remaining ledger will realise a total of £2,000 as a large proportion of the debtors are heavily disputed. An update on the book debt collections will be provided within my next report to creditors. Detail of their cost at Appendix E of this report.

3.5 Unencumbered Book debts

3.5.1 The Company also had a number of unencumbered book debts at the date of appointment in the sum of £9,118. A 50% bad debt provision was applied to these book debts due to disputes as per the Administrators' proposals.

3.5.2 During the period of this report, there have been no realisations. The sum of £834 has been written off to date and I anticipate collecting a total of £4,119. MRM have been instructed to collect the remaining debts and negotiations with the remaining debtors are continuing. A further update on collections will be provided within my next report.

4. Assets Still to be Realised

4.1.1 Encumbered Debtors

MRM are currently in the process of pursuing the reassigned ledger in the sum of £20,000. As reported above, it's anticipated that book debts in the sum of £2,000 will be collected in total. I am also awaiting details of Metrobank's termination charges in order to reclaim the VAT for the benefit of the Administration.

4.1.2 Unencumbered Book Debts

MRM have been instructed to pursue the remaining ledger in the sum of £8,284. It's anticipated that book debts totalling £4,119 will be collected. Negotiations with the remaining debtors are continuing and I will provide a further update on collections in my next report.

4.1.3 Refund

I am aware that there is a refund due to the Company from Northumbrian Water in the sum of £100. As per the proposals, I had written to Northumbrian Water requesting that the refund be remitted to the Administration accordingly. I have yet to receive a response and have sent a further letter to Northumbrian Water requesting remittance of the refund due to the Company.

4.1.4 Business Rates Refund

I have instructed CAPA to identify whether the Company is eligible for a business rates refund.

5. Estimated outcome statement

5.1. An estimate of the outcome of the Administration is attached at Appendix C.

5.2 Metrobank have been paid in full under their fixed charge. Further details are provided below at paragraph 6.1.

5.3. You will note that it is estimated that there will be insufficient funds with which to distribute to preferential or unsecured creditors in this instance.

6. Liabilities

6.1 Secured Creditors

6.1.1 Metrobank hold a debenture that was created on 9 April 2013 and registered on 17 April 2013 granting them fixed and floating charges over all assets of the Company. This security grants Metrobank a specific charge over the Company's book debts.

6.1.2 At the date of my appointment, Metrobank were owed £36,331 inclusive of termination charges. During the period of this report, Metrobank have been repaid in full under its fixed charge from the book debt collections and there will therefore be no call under the floating charge. As noted in Section 3.5, Metrobank reassigned the remaining book debt ledger in the sum of £20,000 to the Administration on 10 March 2016.

6.1.3. Metrobank were provided with personal guarantees from the director of the company should there have been a shortfall from the collections. As their liability has been extinguished there will be no need for them to rely upon the guarantees given.

6.2 Preferential Creditors

6.2.1 Preferential claims arise from arrears of wages and accrued, unpaid holiday pay due to the former employees of the Company who did not receive their full entitlements on redundancy, prior to the Administration.

6.2.2 The Company's employees were made redundant by Robson and Scott Associates Limited on behalf of the directors prior to my appointment. The Administrators' Proposals reported estimated preferential claims of £13,968.

6.2.3 Since the proposals I am in receipt of claims in the sum of £19,587, consisting of unpaid wages and accrued unpaid holiday pay. These entitlements up to the statutory limit of £479 per week have been claimed from the Redundancy Payments Office, which will have a subrogated preferential claim in the Administration.

6.2.4 As noted in the Estimated Outcome Statement included at Appendix C, due to a lack of assets, it is not expected that there will be sufficient funds available to pay the preferential creditors.

6.3 Unsecured Creditors

6.3.1 According to the Company's books and records, unsecured liabilities fall into the following categories:

	£
Trade & Expense creditors	111,135 65
HMRC re PAYE	104,352 50
HMRC re VAT	77,800.25
Notice Pay (est)	30,363 75
Redundancy Pay(est)	<u>36,351 16</u>
Total	<u>360,003 31</u>

- 6 3 2 The Estimated Outcome Statement included at Appendix C highlights that based on current information, a dividend will be not available to unsecured creditors. As such, I do not anticipate adjudicating creditor claims in this matter

7 Prescribed Part

- 7.1 In accordance with Section 176A of the Insolvency Act 1986, a proportion of the Company's net assets are to be set aside for the benefit of the Company's unsecured creditors where the Company has granted a floating charge after 15 September 2003. In this case there is no floating charge liability and, as such, there is no Prescribed Part

8 Investigations

- 8 1 As advised in the Administrators' proposals, under the Company Directors Disqualification Act 1986, the Joint Administrators are required to investigate the affairs of the Company and the conduct of the directors during the three years prior to the Administration. The Joint Administrators can confirm that this obligation has been complied with and a confidential report was submitted to the Insolvency Service on 16 June 2016.
- 8 2 In accordance with Statement of Insolvency Practice 2, the Joint Administrators also carried out an initial assessment to identify any actions which may lead to recoveries in the Administration and to consider any further investigations which may be required. Following this initial review no further assets or actions were identified which would lead to a recovery for creditors
- 8 3 Should creditors have any information which they believe should be brought to the attention of the Administrators, please provide details in writing to this office. This request for information forms a part of our usual investigation procedures and does not imply that there may be any cause of action lying against any person concerned in the Company's affairs

9 Pre-Administration Costs

- 9.1 A statement of pre-Administration costs was included in the Administrators' proposals for consideration by the Secured and Preferential creditors and these are summarised as follows

Name	Nature of work	Fee basis	Cost £

Francis Wilks and Jones Solicitors	Francis Wilks and Jones Solicitors were instructed to draft the demand letter on behalf of Metrobank and produce the appointment documentation for the appointment of the Administrators. They were also instructed to comment on the validity of Metrobank's debenture. Their charges in connection with the aforementioned services are £1,281 plus VAT and disbursements of £61 and have been incurred on a time cost basis.	Time costs	1,342
Total			1,342

- 9.2 All of these costs were incurred before the Company entered Administration but with a view to it doing so. Approval to draw the pre-administration costs was obtained from Secured and Preferential creditors on 16 March 2016. These costs have not been paid in the current period and it is expected that they will be paid in full in the next reporting period.

10 Joint Administrators' remuneration

- 10.1 The Joint Administrators' remuneration was approved by the Secured and Preferential Creditors on the basis of the time properly spent by the Administrators and their staff in dealing with the matters arising during the Administration on 16 March 2016, subject to the Fees Estimate of £27,141.
- 10.2 Attached at Appendix D1 is a summary of the Administrators' time costs for the six month period 23 December 2015 to 22 June 2016, together with a comparison to the Fees Estimate. During the period of this report, time costs totalling £16,623.20 have been incurred, representing 130.40 hours at an average charge out rate of £127.48. Further details of the work carried out during this period, together with an explanation as to why the work was required, is attached at Appendix D2 in the narrative summary.
- 10.3 As at 22 June 2016, no monies have been drawn against the Administrators' time costs in respect of the Administration.
- 10.4 Details of the future work anticipated to be carried out by the Joint Administrators includes:
- Realisation of remaining assets as detailed in section 4 of the report.

- Finalising the submission of returns under all heads of taxes to HMRC for the pre-Administration period
- Reporting and statutory and compliance functions
- Tax and VAT compliance for the period of Administration, including preparing tax computations and returns and seeking final tax clearance prior to closure

10 5 It is not expected that this further work will require an increase in the Administrators' Fee Estimate and it is unlikely that further fee approval will be required. Total Administrators remuneration is therefore not expected to exceed £27,141. However, as you will note based upon current estimates there will be insufficient realisations to discharge all of my costs in this matter

10 6 Charge out rates are reviewed annually on 1 September and in common with other professional firms, may increase over the period of the administration of the case. The rates are appropriate to the skills and experience of the team member and the work that they perform. All staff that work on the case, including cashiers, support and any secretarial staff charge their time directly to the assignment. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken

10 7 The charge out rates of the team members employed on the assignment during the period covered by this report remain the same as those disclosed in the Administrators' proposals and a breakdown is provided in the attached Appendix D3. Specialist departments within our Firm (such as Receivables, Tax and VAT) have charged time to this case when their expert advice is required. I confirm that the rate ranges provided in Appendix D3 incorporate these different rates

11 Administrators' Disbursements

11 1 Disbursements are expenses paid by this firm in the first instance and subsequently re-charged to the estate when there are sufficient funds. There are two categories of disbursements, including Category 1 (payments to independent third parties) and Category 2 (costs incurred by the Administrators or the firm that can be allocated to the case on a proper and reasonable basis)

11 2 Category 2 disbursements require approval in the same manner as remuneration and creditors will recall that a resolution was passed on 26 February 2016 at a meeting of unsecured creditors in agreement of the anticipated Category 2 disbursements of the Administrators. Further details of the rates agreed are provided within the Administrators' Rates and Disbursements policy attached at Appendix D3.

11 3 An analysis of the disbursements incurred and paid during the period covered by this report is provided below:

Description	Category	Amount incurred in	Amount paid in period (£)	Total disbursements
-------------	----------	--------------------	---------------------------	---------------------

		period (£)		outstanding (£)
Bond premiums	Category 1	72.00	-	72 00
Advertising	Category 1	84.60	-	84 60
Mileage	Category 2	102 03	-	102.03
TOTAL		258.63	-	258.63

11 4 An explanation of each of these disbursements is provided in Appendix E.

11 5 Of the above disbursements, the sum of £102 03 relates to Category 2 disbursements.

12 Expenses

12 1 Details of expenses incurred during the period of the report are provided in the Expenses Statement attached at Appendix E. Further information in respect of some of the significant expenses incurred is provided in the following section

12.2 Professional advisors

12 2 1 The professional advisors used on this assignment are as follows:

Name	Nature of Work	Basis of fee arrangement	Fees incurred to date
HLW Solicitors LLP	Dealing with the sale of Company's floating charge assets; providing legal advice as required.	Time costs basis	£1,971.50
Fox Lloyd Jones	Their time includes attending company premises, organising lock change on the property, undertaking an inventory of assets, providing formal valuation report. In addition they have also revisited the company's former premises twice to oversee the release of ROT goods, escorted interested parties around the premises, negotiated with interested parties and invited offers ultimately providing letter of	Time cost basis	£3,422.00

recommendation in relation
to the highest offer received

- 12.2.2 Further details of the fees and expenses incurred and paid to these advisors is provided within the Expense Statement at Appendix E.
- 12.2.3 The Administrators' choice was based on their perception of the advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them.
- 12.2.4 The Administrators' have reviewed the fees incurred to date and are satisfied that they are reasonable in the circumstances of the case
- 12.2.5 CAPA have been recently engaged to conduct a review of the Company's business rates accounts to secure a refund. Their fee will be on a fixed basis of 25% plus VAT on any recovery. If they are unsuccessful in securing a refund there will be no fee. As I am unaware of the level of any potential refund at present, I am unable to confirm the level of CAPA's estimated costs.
- 12.2.6 It should be noted that expenses in the sum of £4,651 plus VAT are anticipated to be incurred in relation to payments to Mazars Receivables Management ("MRM"), which is part of the Mazars Group. I have specifically chosen MRM because they are experienced in dealing with the collection of book debts in an insolvency scenario. As MRM is an associated company, the basis of their remuneration should be approved by Secured and Preferential creditors of the Company. Their fee basis is on a time costs basis. Their final fee will be based upon what the actual realisations are from the book debt collections.

13 Creditors' rights

13.1 Further information

- 13.1.1 I would advise you that pursuant to rule 2.48A of the Insolvency Rules 1986, a secured creditor or an unsecured creditor with concurrence of at least 5% in value of the unsecured creditors or an unsecured creditor with permission of the Court, may, within 21 days of receipt of this progress report, ask the Administrators for further information about the remuneration and expenses set out in this progress report.

13.2 Apply to Court

- 13.2.1 Additionally, pursuant to rule 2.109 of the Insolvency rules 1986, a secured creditor or an unsecured creditor with concurrence of at least 10% in value of the unsecured creditors or an unsecured creditor with the permission of the Court may, within 8 weeks of the receipt of this progress report, apply to the Court on one or more of the following grounds
- the remuneration charged by the Administrators, or
 - the basis fixed for the Administrators' remuneration, or
 - expenses incurred by the Administrators

is or are in all of the circumstances, excessive or inappropriate.

13.3 Further guidance

- 13.3.1 Creditors can find additional information on their rights relating to Administrator's fees in a copy of the publication "A creditors guide to Administrators' Fees" which is available to download from https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Oct_2015.pdf or alternatively will be provided free of charge upon written request to this office

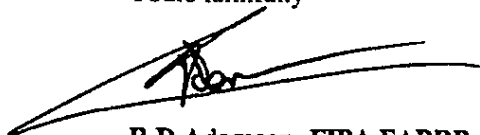
14 Discharge of liability

- 14.1 In accordance with Para 98(2) of Schedule B1 of the Insolvency Act 1986, we are seeking a resolution that the Joint Administrators be discharged from liability 14 days after the final report is issued
- 14.2 Approval for discharge will be sought from the Secured and Preferential creditors of the Company

15 Ending the Administration

- 15.1 It is proposed that the Administration will conclude prior to its automatic end on 22 December 2016
- 15.2 As there will not be a return to the unsecured creditors in this case, the Statement of Proposals approved by the Secured and Preferential creditors of the Company provides that the Joint Administrators may, file a notice under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986, ending the Administration, with the Company being dissolved three months thereafter.

Yours faithfully



R D Adamson FIPA FABRP Dated 19 July 2016
Joint Administrator

Authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales and bound by the Insolvency Code of Ethics

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

Matsar Specialist Coatings Limited - In Administration**Statutory information**

Company name	Matsar Specialist Coatings Limited
Trading name	Matsar Specialist Coatings Limited
Company number	08057036
Registered office	c/o Mazars LLP, Mazars House, Gelderd Road, Gildersome, Leeds, LS27 7JN
Trading address	Unit 3H, Admiral Business Park, Nelson Way, Nelson Park West Cramlington, NE23 1WG
Court	High Court of Justice, Companies Court, London
Court reference	9719 of 2015
Date of appointment	23 December 2015
Joint Administrators	Mr Robert Adamson of Mazars LLP, Mazars House, Gelderd Road, Gildersome, Leeds LS27 7JN Mr Patrick Lannagan of Mazars LLP, The Lexicon, Mount Street, Manchester, M2 5NT IP No(s) 9380 and 9590
Joint Administrators' functions	All acts required to be done by the Joint Administrators may be done by either or both, acting jointly or alone
Appointed by	The floating charge holder

Matsar Specialist Coatings Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 23/12/2015 To 22/06/2016	From 23/12/2015 To 22/06/2016
ASSET REALISATIONS		
Plant & Machinery	11,000 00	11,000.00
Motor Vehicles	2,000 00	2,000 00
	<u>13,000 00</u>	<u>13,000 00</u>
COST OF REALISATIONS		
Administrator's Fees	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
	<u>13,000.00</u>	<u>13,000.00</u>
REPRESENTED BY		
VAT Payable Floating		(2,600.00)
Solicitors client account		15,600 00
		<u>13,000.00</u>

Note. The sale consideration in relation to the plant and machinery and motor vehicles detailed above was initially held by our solicitors due to an issue with the Administration bank account. The full sale consideration was remitted to the Administration in the sum of £14,000 plus VAT after the date of the report

Matsar Specialist Coatings Limited (In Administration)
Estimated Outcome Statement as at 22 June 2016

APPENDIX C

	To Date £	Future Movements £	Estimated to realise £
Fixed Charge Recoveries			
Book Debts	37,331	-	37,331
Available to Fixed Charge Creditor	37,331	-	37,331
Metrobank	(36,331)	-	(36,331)
Fixed Charge Surplus		-	1,000
Floating Charge Recoveries			
Plant & Equipment, & Motor Vehicles	14,000	-	14,000
Reassigned Encumbered ledger	-	2,000	2,000
Unencumbered Book Debts	-	4,119	4,119
Water Refund Claim	-	100	100
Business Rates Refund	-	Unknown	Unknown
Termination Charges	-	Unknown	Unknown
Less costs			
Pre Appointment Costs	-	(1,342)	(1,342)
Joint Administrators' Fees	-	(27,141)	(27,141)
Joint Administrators' Disbursements	-	(499)	(499)
Legal Fees & Disbursements	-	(1,972)	(1,972)
Agent's Fees & Disbursements	-	(3,422)	(3,422)
Accountancy Fees	-	(350)	(350)
Debt Collection Fees	-	(4,651)	(4,651)
CAPA	-	Unknown	Unknown
Insurance Costs	-	(499)	(499)
Rent	-	(1,500)	(1,500)
	14,000	(35,157)	(21,157)
Available to Preferential Creditors			NIL
Preferential Claims (estimate)			(19,587)
Available to Unsecured Creditors			NIL
Unsecured Claims			(360,003)
Dividend (p in the £)			Nil



M A Z A R S

MATSAR SPECIALIST COATINGS LIMITED – IN ADMINISTRATION

APPENDIX D1

**JOINT ADMINISTRATORS' ANALYSIS OF TIME COSTS
FOR THE PERIOD 23 DECEMBER 2015 TO 22 JUNE 2016**

The Joint Administrators' total Fees Estimate as approved by the Secured and Preferential creditors on 16 March 2016 was £27,141

As detailed in Section 10 of the report, total costs incurred to the date of the report are £16,623. It is not expected that the future work for the completion of the Administration will require an increase in the Administrators' Fee Estimate and total costs are not expected to exceed £27,141.

The following table provides a breakdown of the Administrators' actual time costs incurred up to the current reporting period compared to estimated costs as per the Fees Estimate.

Creditors will note that a blended hourly charge-out rate has been provided. This is calculated as the prospective average cost per hour based upon the estimated time to be expended by each grade of staff at their specific charge out rate. Details of the hourly rates of staff anticipated to work on this case can be found on the Rates and Disbursements policy attached to this report. Please note that where total costs do not equate to the total time at the blended hourly rate, this is due to rounding.

Not all of the work which I am required to perform will provide a direct financial benefit to creditors. Some of the work to be undertaken is required because statute dictates that I must perform this task, or because guidance issued by the Insolvency Service or my regulatory body requires such. However, a large proportion of the work will be dealing with securing and realising assets, with a view to maximising the funds available to creditors. In this case, assuming realisations are as anticipated in the attached Estimated Outcome Statement, the above work has already benefited the secured creditor, which has been repaid in full. Due to a lack of assets there will be no financial benefit to preferential creditors or unsecured creditors.

Further information on the work undertaken, together with an explanation as to why the various tasks are required and whether the work provides a financial benefit to creditors is provided within Appendix D2, the narrative summary of the Joint Administrators' time costs.



M A Z A R S

MATSAR SPECIALIST COATINGS LIMITED – IN ADMINISTRATION

APPENDIX D1

**JOINT ADMINISTRATORS' ANALYSIS OF TIME COSTS
FOR THE PERIOD 23 DECEMBER 2015 TO 22 JUNE 2016**

Description of Work	Fees Estimate			Actual as at 22 June 2016		
	Total Time (hours)	Total Costs (£)	Blended Hourly Rate (£)	Time incurred (hours)	Total Costs (£)	Blended Hourly Rate (£)
Admin & Planning	19 90	1,909.90	96	21.40	2,042 80	95.45
Taxation	13 86	2051.21	148	2 10	270 60	128.86
Investigations	7 10	1,008.60	142	9 60	1,336 80	139.25
Realisation of Assets	63 00	9,340 80	148	40 30	5,468 00	135 68
Employees	6 80	880.40	129	7 40	990 20	133 81
Creditors	1 80	295 80	164	5.20	746 50	143 56
Reporting	48.20	7,505.40	156	29.80	3,784 60	127 00
Cashiering	20 34	2,304 60	113	1 00	120.10	120.10
Statutory compliance	14.00	1,844 60	132	13 60	1,863 60	137 03
Totals	195	27,141.32	139	130.40	16,623.20	127.48

**NARRATIVE SUMMARY OF THE JOINT ADMINISTRATORS' TIME COSTS
FOR THE PERIOD 23 DECEMBER 2015 TO 22 JUNE 2016**

Introduction
<p>This summary should be read together with the Joint Administrators' Time Costs Analysis at Appendix D1.</p> <p>The summary provides a proportionate overview of the work carried out in light of the specific circumstances of the case and includes details of the work that has been done during the period, why it was done and whether the work provides a financial benefit to creditors.</p>
Work carried out in the current period
<p><u>Administration and planning</u></p> <p>The Administrators have undertaken the following work</p> <ul style="list-style-type: none">• Case acceptance and ethical reviews• Completing case strategy notes• Holding strategy meetings.• Managing and maintaining the case on the Firm's client systems and our specialist insolvency software system. <p>The majority of this work derived no financial benefit for creditors. However, appropriate case administration and planning ensures that the case is managed coherently and efficiently, with minimisation of costs and avoidance of duplication of work. A clear case strategy and strong internal processes aid to add value through the efficient management of the case. This work is also required in order to appropriately document and record how the case has been administered in accordance with regulatory requirements.</p>
<p><u>Taxation</u></p> <p>The following activities were undertaken in order to ensure the Company is compliant with tax requirements:</p> <ul style="list-style-type: none">• Notifying HM Revenue & Customs ("HMRC") of my appointment and establishing whether they have any outstanding claims or ongoing investigations. Such enquiries will assist with my own investigations;• Compiling the information necessary to enable pre-appointment returns to be submitted to HMRC to enable them to correctly agree HMRC's claim• Obtaining specialist advice from an internal VAT team on the treatment of VAT• Obtaining specialist advice from an internal tax team on the Corporation tax position of the Company, reviewing the potential tax charge arising on the sale of assets <p>The majority of this work derived no financial benefit for creditors, however, it is required in accordance with tax legislation.</p>
<p><u>Investigations</u></p> <p>Further details of the investigation required to be carried out is provided within Section 8 of the report. A summary of the work undertaken to date is as follows</p> <ul style="list-style-type: none">• Investigating the Company's affairs to include a review of the Company's books and records and in particular, the bank statements to identify any potential transactions that were outside the ordinary course of business• Correspondence with director regarding the reasons for the Company's failure• Review of creditor questionnaires and investigation into any matters notified• Reporting to the Insolvency Service on the directors' conduct

**NARRATIVE SUMMARY OF THE JOINT ADMINISTRATORS' TIME COSTS
FOR THE PERIOD 23 DECEMBER 2015 TO 22 JUNE 2016**

The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure compliance with statutory duties.

Realisation of Assets

The work undertaken in respect of the realisation of the Company's assets is detailed in Section 3 of the report.

The main assets comprise the plant, machinery and motor vehicles, and the book debt ledgers. In addition to the information provided in Section 3, the following work has also been undertaken:

- Liaising with Northumbrian water to request repayment of the water rates refund due to the Company
- Engaging with CAPA to conduct a review of the Company's business rates account to secure a refund
- Liaising with the landlord of the premises in order to surrender the lease
- Liaising with the various lease companies in relation to the leased assets on site
- Liaising with retention of title creditors and their potential claims
- Liaising with the post appointment insurers with regard to obtaining and ceasing cover in relation to the Company's assets

The work undertaken has added value for the benefit of creditors by enabling the realisation of funds in the estate. The costs associated with the recovery are considered appropriate in the circumstances.

Employees

The Company had a workforce of 12 employees who were made redundant prior to Administration. Further information regarding employees' claims is included within Section 6.2 of the report.

Work undertaken in order to ensure that employee claims have been dealt with appropriately includes:

- Liaising with the Redundancy Payments Service to ensure the case is set up and submission of case and employee details to enable the employee claims to be processed.
- Providing factsheets to 12 employees and information on their entitlements.
- Responding to employees' individual queries concerning their rights and entitlements

The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors. As detailed in Section 6 of the report, it is not expected that a dividend will be paid to preferential creditors or unsecured creditors.

Creditors

It was estimated that there would be 25 unsecured creditor claims, in accordance to the Company's books and records. This has since risen to 33. In order to ensure that creditors are dealt with appropriately, I have responded to all creditor queries and lodged creditors' claims on our internal system. The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors.

As it is unlikely that there will be a distribution to either the preferential or unsecured creditors, there will be no requirement to agree claims or prepare any distributions.

Reporting

Reporting requirements during the period as prescribed by statute have included the following:

- Preparing and circulating of the Administrators' Statement of Proposals on 10 February 2016.
- Notifying creditors of the deemed approval of the Proposals

The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure that the case has been administered in line with regulatory requirements.

**NARRATIVE SUMMARY OF THE JOINT ADMINISTRATORS' TIME COSTS
FOR THE PERIOD 23 DECEMBER 2015 TO 22 JUNE 2016**

Cashiering

Cashiering work undertaken includes.

- Establishing set up of case details on our insolvency software system
- Setting up bank accounts, including deposit accounts as necessary
- Bank account maintenance, including periodic reconciliations
- Issuing payments and banking receipts, and preparing the appropriate paperwork for such transactions.

The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure that the estate bank account is operated in accordance with guidance issued by my regulatory body.

Statutory and Compliance

The work undertaken as required by statute and our internal procedures involves:

- Preparation and lodgement of statutory appointment documents.
- Initial notices and advertisements following appointment
- Case monitoring and statutory compliance, including internal case reviews.
- Case bordereau

The majority of this work derived no financial benefit for creditors. However, this work is required in order to ensure that the case has been administered in accordance with regulatory requirements

Rates and Disbursements Policy***Charge out rates***

Details of the current charge out rates of the personnel anticipated to work on this case are set out below

Grade of personnel	Hourly charge out rate (£)
Partner	317
Director	245 - 275
Manager	155 - 215
Administrator	105 - 127
Cashier	100 - 130
Clerical Support	40

Charge out rates are reviewed annually on 1 September and may be adjusted to take into account inflation and the firm's overheads. The rates are appropriate to the skills and experience of the team member and the work that they perform. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken. Specialist departments within our Firm (such as Receivables, Tax and VAT) have charged time to this case when their expert advice is required. I confirm that the rate ranges provided above incorporate these different rates.

Disbursements

Some of the expenses incurred on this matter are likely to be paid by this firm in the first instance and subsequently re-charged to the estate. Such disbursements fall into two categories as follows:

1. *Category 1 disbursements:* These are payments to independent third parties where there is specific expenditure directly referable to the case and as such can be drawn without prior approval.
2. *Category 2 disbursements:* These are costs that are directly referable to the case but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the Administrators or their firm, and that can be allocated to the case on a proper and reasonable basis. Such disbursements require approval in the same manner as remuneration.

It is proposed that the following Category 2 disbursements incurred in administering the case be charged

- Mileage will be charged at relevant HM Revenue & Customs rates, currently 45p per mile

All other disbursements will be reimbursed at cost. The Administrators reserve the right to increase the charges applicable during the course of the Administration in line with inflation or increases from our suppliers. Any material amendments will be advised to creditors in the next statutory report.

EXPENSES STATEMENT

Details of expenses incurred and paid in the current period are provided below, together with an explanation on the nature of the expense and why the expenses have been incurred

	Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate £	Incurred in current period £	Expenses paid in the period £	Likely future expenses £	Revised Expenses estimate £
Professional advisors' costs Further details on the Professional advisors engaged in this matter are provided in Section 12 of the report							
1	Legal fees and disbursements (Floating charge)	<p>HLW Keeble Hawson Solicitors were instructed to provide legal advice and assist with the preparation of the sale agreement in relation to the some of the Company's floating charge assets</p> <p>This firm of lawyers was chosen based on their experience in this field. As the sale of the assets has completed and the sale consideration has been paid in full, there should be no further legal fees incurred by our lawyers in this regard</p> <p>HLW also provided legal advice in relation to company's premises lease and its subsequent surrender. It was not originally envisaged that advice would be needed in this regard and as such the original expense estimate has increased by £465.50</p> <p>As the lease has been surrendered, there should be no further legal fees incurred by our lawyers in this regard</p>	1,506.00	1,971.50	-	-	1,971.50
2	Agent's fees and disbursements (Fixed charge)	<p>I instructed Fox Lloyds Jones because of their experience in providing such valuations in an insolvency scenario. Their fees total £3,422 plus VAT. Their time includes attending company premises, organising lock change on the property, undertaking an inventory of assets, providing formal valuation report. In addition they have also revisited the company's former premises twice to oversee the release of ROT goods, escorted interested parties</p>	3,422	3,422	-	-	3,422

EXPENSES STATEMENT

	Type of Expenditure	Who expense incurred by and nature of expense	<i>Original Expense Estimate</i> £	Incurred in current period £	Expenses paid in the period £	Likely future expenses £	<i>Revised Expenses estimate</i> £
		<p>around the premises, negotiated with interested parties and invited offers ultimately providing letter of recommendation in relation to the highest offer received</p> <p>There should be no further fees incurred by our agents in this regard</p>					
3	Accountant's fees (Floating charge)	<p>Thompson Wright Chartered Accountants were instructed to assist with the preparation of the former employees' P45s</p> <p>There will be no further fees incurred by the accountants</p>	350	350	-	-	350
4	Debt Collection fees	<p>In order to maximise realisations, Metrobank were pursuing the remaining debtors, which, as at the date of the proposals, totalled £58,203. It was assumed that Metrobank would collect the ledger in its entirety. However, during the period of this report, they have been repaid in full under the fixed charge from the book debt collections and have reassigned the remaining ledger to the Administration in the sum of £20,000.</p> <p>Mazars Receivables Management ("MRM") will be pursuing the remaining debtors for the purposes of the Administration. It is proposed that MRM will receive a collection fee of £4,410 plus VAT plus a site visit fee to verify the ledger in the sum of £230 plus VAT and disbursements of £11 plus VAT in relation to mileage costs attending a meeting with Metrobank. This is based upon one meeting totalling 2 hours and the time costs of pursuing the collections for 3 months based upon 10 hours for assistant</p>	-	-	-	4,651	4,651



MAZARS

MATSAR SPECIALIST COATINGS LIMITED - IN ADMINISTRATION

APPENDIX E

EXPENSES STATEMENT

	Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate £	Incurred in current period £	Expenses paid in the period £	Likely future expenses £	Revised Expenses estimate £
		<p>manager at £165 and 24 hours for a administrator at £115</p> <p>It should be noted that MRM is an associate and part of the Mazars Group They have been instructed in this matter as they are experienced in collecting and monitoring insolvency book debts</p>					
Other expenses							
5	Corporation tax	It was originally anticipated that there would not be any corporation tax will be payable in respect of the sale of the Company assets	-	-	-	-	-
6	Rent	In accordance with the Court of Appeal's ruling re Game Station, "where an administrator makes use of leasehold property for the purposes of the Administration, the rent under the lease is payable as an expense of the administration for the period of the Administrators' use of the premises The rent is to be treated as accruing from day to day The quarterly rent is circa £10,000 I negotiated a reduced settlement with the Landlord for the period of the Administrators' occupation from 23 December 2015 to 12 January 2016 in the sum of £1,500 plus VAT.	1,500	1,500	-	-	1,500
7	Insurance	<p>I was required to insure the Company's assets until they were disposed of The value disclosed represents the quote provided by my insurance brokers and covers the period to disposal of the assets (namely 23 December 2015 to 12 January 2016).</p> <p>As all of the insurable assets have been sold there is no requirement for any further insurance cover in this instance</p>	499.32	499 32	-	-	499.32

EXPENSES STATEMENT

	Type of Expenditure	Who expense incurred by and nature of expense	<i>Original Expense Estimate</i> £	Incurred in current period £	Expenses paid in the period £	Likely future expenses £	<i>Revised Expenses estimate</i> £
8	Joint Administrators' disbursements A breakdown of the Joint Administrators' Disbursements is provided in section 11 of the report. These are expenses paid by this firm and re-charged to the estate when there are sufficient funds. Payments totalling £258 63 have been made in the period and a balance of £200 remains outstanding.		499 13	258 63	-	200	458.63
	Advertising	Courts Advertising Statutory advertising requirements, to date this includes London Gazette advertisements for notice of appointment of Administrators. The cost of which was £84 60 plus VAT.	<i>Incl in above</i>	Incl in above	Incl in above	-	<i>Incl in above</i>
	Bonding	It is a legal requirement that I take out a specific bond in respect of the value of the assets. On the basis the assets recovered were initially likely to total £55,000 the bond will be as stated at £72. Please note that initial anticipated assets realisations included the net anticipated book debts collections after deducting Metrobank's liability.	<i>Incl in above</i>	Incl in above	Incl in above	-	<i>Incl in above</i>
	Mileage	£102 03 have been incurred in relation to mileage attending the Company's trading premises in order to meet with the director and remove the Company's books and records.	<i>Incl in above</i>	Incl in above	Incl in above	-	<i>Incl in above</i>
	Records storage costs	Paper records have been boxed and removed from the Company premises for off-site storage at an archive facility provided by Iron Mountain (UK) Ltd. I estimate the cost of this storage to be in the region of £200, assuming the Administration completes within 12 months. No payment has been made to date.	<i>Incl in above</i>	Incl in above	-	Incl in above	<i>Incl in above</i>
	Total		7,776.45				12,852.45