

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

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 June 2016

(b) 17 October 2016

Signed


Joint Administrator(s)

Dated

20/12/16

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



QIQ

Q5XEETIZ

04/01/2017

#144

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

WEDNESDAY

**Matsar Specialist Coatings Limited
In Administration**

**Administrators' progress report covering the period 23 June 2016 to 17 October
2016**

Contents

Page

Administrators' progress report

1	Introduction
2	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	Administrators' Remuneration
11	Administrators' Disbursements
12	Expenses
13	Creditors' Rights
14	Extension and Ending of Administration
15	Discharge of liability

Appendices

A	Statutory Information
B	Administrators' Receipts and Payments Account
C	Estimated Outcome Statement
D	Expenses Statement
E	Analysis of the Administrators' remuneration
E1	Administrators' analysis of time costs and comparison to Fee Estimate
E2	Narrative Summary of Administrators' time costs for the current period
E3	Rates and Disbursements Policy

Matsar Specialist Coatings Limited (“the Company”) - In Administration
Administrators’ progress report covering the period from 23 June 2016 to 17 October 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 period from 23 June 2017 to 17 October 2016 for the purpose of extending the period of the Administration
- 1 2 I was appointed Joint Administrator of the Company together with Mr P A Lannagan on 23 December 2015 I am authorised to act as an Insolvency Practitioner in the UK by the Insolvency Practitioners Association and Mr P 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 and the progress report for the 6 month period ended 22 June 2016
- 1 4 The purpose of the Administration is to realise 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. Administrators’ Receipts and Payments

- 2 1 A summary of receipts and payments covering the period from 23 June 2016 to 17 October 2016 is attached at Appendix B The receipts and payments account also covers the cumulative period from the date of appointment to 17 October 2016
- 2 2 There is currently a balance in hand of £14,797 and further details of the realisations and expenses paid is provided below

3. Asset Realisations and Details of Progress

- 3 1 In order to achieve the purpose of the Administration, the following asset realisations have been concluded

3 2 Sale of Assets

3 2 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 2 2 I can confirm that the sale consideration has been received in full in the sum of £14,000 plus VAT. There will be no further realisations in this regard

3 3 Debtors

3 3 1 The Company had an invoice discounting facility provided by Metrobank SME Finance ("Metrobank"). At the date of appointment, the Company had an outstanding book debt ledger of £58,203

3 3 2 Metrobank were pursuing the outstanding ledger at the outset of the Administration with the assistance of the Company's director and have been paid in full under their fixed charge from the book debt collections in the sum of £37,331 inclusive of termination charges

3 3 3 Following recovery of their indebtedness, Metrobank reassigned the remaining ledger in the sum of £20,000 to the Administrators to collect

3 3 4 Metrobank initially advised that they were holding surplus funds from the collections in the sum of £1,000, however, surplus funds totalling £2,329 was transferred to the Administration during the period of this report. We believe that several of the reassigned debtors may have paid Metrobank directly since the reassignment, which we are currently in the process of confirming

3 3 5 On 6 June 2016, Mazars Receivables Management ('MRM'), an associate of Mazars LLP, were instructed to undertake an initial assessment of the recoverability of the reassigned ledger and to collect the outstanding book debts

3 3 6 After their initial assessment, MRM estimated that recoveries may total £2,000 representing a recovery of 10% of the total ledger, on the basis that a large proportion of the debts are heavily disputed. The main reason for the disputes was down to poor quality goods and contra accounts

3 3 7 Only £210 has been collected to date and debts totalling £1,329 have been written off. MRM are continuing to pursue the outstanding ledger and have been promised a further £2,190

3 3 8 They do not anticipate any further collections in respect of this ledger. MRM therefore estimate that recoveries may total £2,400 representing a recovery of 11% of the total reassigned ledger

3 3 9 In addition to the above debts, the Company also had a number of book debts that were outside of the invoice discounting facility with Metrobank. At that date of appointment, the ledger stood at £9,118, however, as per the Administrators' proposals, a 50% bad debt provision was immediately applied to these book debts due to disputes. Again, as was the case with the Metrobank ledger, the main reason was due to poor quality goods and a total of £1,852 was written off

- 3 3 10 On 6 June 2016, MRM were also instructed to collect the remainder of this ledger in the sum £7,266
- 3 3 11 During the period of this report, MRM have collected a total of £500 A further £1,350 has been written off to date and of the remaining debts totalling £5,415 86, MRM anticipate collecting a further £249 Negotiations with the remaining debtors are, however, continuing and a further update will be provided with my next report
- 3 3 12 MRM have agreed to provide the Administrators with fortnightly reports initially on the progress of collections, moving to monthly reporting as when required
- 3 3 13 Total costs for MRM's services are estimated to be £4,651 plus VAT and further details are provided in the Expense Statement at Appendix D
- 3 4 **VAT**
- 3 4 1 I am in the process of recovering the VAT incurred in relation to the termination charges levied by Metrobank in respect of the invoice discounting facility It is hoped that the sum of £1,933 can be recovered An update will be provided to creditors within my next report
- 3 5 **Refund**
- 3 5 1 A refund was 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 had not received a response and had to send a further letter to Northumbrian Water requesting remittance of the refund due to the Company The refund has now been received in full and there will be no further realisations from this regard
- 3 6 **Business Rates Refund**
- 3 6 1 I instructed CAPA to identify whether the Company was eligible for a business rates refund and unfortunately, they have confirmed that a reclaim cannot be made in this instance
- 4. Assets still to be realised**
- 4 1 Assets still to be realised comprise
- 4.2. Debtors**
- 4 2 1 MRM are currently pursuing the Company's outstanding book debts
- 4 2 2 The Company had an outstanding ledger via an invoice discounting facility with Metrobank which has been reassigned to the Administration in the sum of £20,000 and a separate ledger totalling £9,118
- 4 2 3 MRM anticipate collecting a further £2,649 across both ledgers, as detailed at point 3 3 above Once the collections have been finalised I will ascertain whether a claim can be made for VAT Bad Debt Relief in relation to the debts that have been written off

4.3. VAT

- 4 3 1 I am in the process of reclaiming the VAT levied on Metrobank's termination charges in the sum of £1,933

5. Estimated Outcome Statement

- 5 1 An estimate of the outcome of the Administration is attached at Appendix C
- 5 1 Metrobank have been paid in full under their fixed charge from the book debt collections. Further details are provided below at paragraph 6 1
- 5 2 Based on expected realisations and payments, it is expected that there will be insufficient funds to enable a return to preferential or unsecured creditors in this case
- 5 3 Further details on the expected outcome for each class of creditor is provided below

6. Liabilities

6.1. Secured Creditors

- 6 1 1 The Company held an invoice discounting agreement with Metrobank
- 6 1 2 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. Metrobank have been repaid in full under its fixed charge from the book debt collections and there will therefore be no call under their floating charge. As noted in section 3 3, 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 employed 12 employees. They were made redundant by Robson and Scott Associates Limited on behalf of the director 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 estimated in the sum of £19,587, consisting of unpaid wages and accrued unpaid holiday. These entitlements up to the statutory limit of £479 per week have been claimed from the Redundancy Payments Office ("RPS"). The RPS will have a subrogated preferential claim in the Administration and any amounts owing to employees in excess of the statutory limits will be claimed in the Administration.

6 2 4 As indicated in the Estimated Outcome Statement included at Appendix C. Assuming that realisations and expenses are as anticipated, it is not expected that preferential creditors will receive a dividend.

6.3. Unsecured Creditors

6 3 1 According to the Company's records the Company had 24 unsecured creditors with debts totalling £161,985. Claims received to date total £275,835 from 9 creditors.

6 3 2 Creditors will note from the Estimated Outcome Statement included at Appendix C, assuming that realisations and expenses are as anticipated, it is not expected that there will be a return to unsecured creditors due to insufficient funds.

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. This is calculated as being 50% of the first £10,000 of net property and 20% of net property thereafter subject to a maximum fund of £600,000. Net property is defined as being the realisations from assets subject to the floating charge after costs and after settlement of the preferential creditors' claims.

7 2 As Metrobank have been repaid in full under its fixed charge, there is no floating charge liability in the Administration 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 consider may assist the Joint Administrators in carrying out their investigations, or be aware of any matters 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 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 The pre-administration costs totalled £1,342 as set out below. These costs were incurred before the Company entered Administration but with a view to it doing so. Confirmation and approval of the costs was obtained from the Secured and Preferential creditors on 16 March 2016.

Recipient	Nature of work provided	Amount incurred (£)	Amount paid (£)
Francis Wilks and Jones Solicitors	<u>Legal Advice</u> 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.	1,342	-

- 9.2 I have requested an invoice from Francis Wilks and Jones Solicitors for the above amount and hope to have discharged their pre-administration costs in full by the end of October 2016.

10. Administrators' Remuneration

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, issued to creditors on 10 February 2016

- 10 1 Attached at Appendix E1 is a comparison of the Administrators' Fees Estimate to actual time costs for the period 23 June 2016 to 17 October 2016 which total £4,534 30 representing 29 20 hours at an average hourly rate of £155 28
- 10 2 The Administrators' cumulative time costs since appointment to 17 October 2016 total £21,157 50 representing 159 20 hours at an average hourly rate of £132 57
- 10 3 Attached at Appendix E2 is a narrative summary of the Administrators time costs, which provides further information on the work carried out during the current reporting period, why the work was necessary and whether the work has provided a financial benefit to creditors
- 10 4 As at 13 October 2016 no funds have been drawn against the Administrators' time costs in respect of the Administration
- 10 5 Based on the current level of time costs and expected future work for the completion of the Administration, it is expected that the Administrators' total time costs will exceed the approved Fees Estimate of £27,141 However, at this stage, the Administrators do not propose to seek approval for any amounts in excess of the Fees Estimate
- 10 6 Details of the future work anticipated to be carried out by the Joint Administrators includes
- Extending the Administration via the consent of the Secured and preferential creditors for a further 12 months to 23 December 2017
 - Realisation of remaining assets as detailed in Section 3 of the report
 - Reporting and statutory and compliance functions
 - Tax and VAT compliance, including preparing tax computations and returns in respect of the Administration period and seeking final tax clearance prior to closure
 - Managing the Administration bank account and bringing the case to the Administration to a close

As indicated in the EOS attached at Appendix C, it is estimated that this future work will cost approximately £6,800, plus VAT and we will exceed the original fee estimate by circa £800

- 10 5 Further information on the work carried out during the current reporting period in respect of the realisation of assets is provided in Section 3 and 4 of the report and also within the narrative summary attached at Appendix E3

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.

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 Rates and Disbursements Policy attached at Appendix E4. Specialist departments within our Firm (such as Receivables, Tax and VAT) have charged time to this case when their expert advice is required.

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 16 March 2016 by the Secured and Preferential 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 E4.

11.1 An analysis of the disbursements incurred and paid during the period covered by this report is provided below.

Description	Category	Unpaid in previous period (£)	Amount incurred in period (£)	Amount paid in period (£)	Total disbursements outstanding (£)
Statutory advertising	Category 1	84 60	-	-	84 60
Bonding	Category 1	72 00	-	-	72 00
Mileage	Category 2	102 03	-	-	102 03
Total		258 63			258 63

11.2 Of the above disbursements, the sum of £102.03 relates to Category 2 disbursements, that being mileage claimed attending the Company's former premises at Unit 3H, Admiral Business Park, Nelson Way, Nelson Park West Cramlington, NE23 1WG.

12. Expenses

- 12 1 Details of all expenses incurred during the period of the report and likely future expenses are provided in the Expenses Statement attached at Appendix D. This also includes a comparison to the original Expense Estimate
- 12 2 Further details of expenses paid during the period of the report and cumulative expenses paid since the commencement of the case are shown in the receipts and payments account at Appendix B
- 12 3 I initially estimated that HLW Keeble Hawson Solicitors would incur fees in connection with providing legal advice in respect of sale of the Company's floating charge assets in the sum of £1,506 plus VAT. To date, HLW have incurred time costs £2,080.50 plus VAT, that being £574.50 more than originally estimated. Their fees are in excess of the original estimate on the basis that HLW have had to provide legal advice in relation to the Company's premises lease and its subsequent surrender. It was not originally anticipated that advice would be needed in this regard. No further legal fees should be incurred.

12.4. Mazars Receivables Management ("MRM")

- 12 4 1 As noted in Section 4, the collection of the Company's book debts is being undertaken by MRM, an associate of Mazars LLP
- 12 4 2 MRM have been engaged as they are experienced in collecting and monitoring book debts in insolvency scenarios
- 12 4 3 Approval for the basis of MRM's remuneration was obtained from the Secured and Preferential creditors on 4 August 2016 with reference to time properly spent in respect of the realisation of the Company's book debts
- 12 4 4 Total costs for MRM's services are estimated to be £4,651 plus VAT. No payments have been paid to MRM to date

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 administrator 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

Creditors can find additional information on their rights relating to Administrators' 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. Extension of Administration

- 14.1 The Administration is due to automatically end on 22 December 2016. In view of the remaining assets that being the remaining book debts, I am requesting the consent of the Secured and Preferential creditors in accordance with paragraph 78(2) of Schedule B1 of the Insolvency Act 1986 to extend the period of the Administration for a further 12 months until 22 December 2017
- 14.2 Once the outstanding matters have been concluded it is my intention to move the Company from Administration to dissolution

15. Discharge of liability

- 15.1 In accordance with Para 98(2) of Schedule B1 of the Insolvency Act 1986, approval for discharge was sought and obtained from the Secured and Preferential creditors of the Company on 4 August 2016

- 15.2 I will be discharged from liability 14 days after my final report is issued

Yours faithfully



R D Adamson FIPA FABRP
Joint Administrator

Dated 17 October 2016

Authorised to act as an insolvency practitioner in the UK by the Insolvency Practitioners Association 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
Previous names	n/a
Trading name	Matsar Specialist Coatings Limited
Company number	08057036
Registered office	Unit 3H Admiral Business Park, Nelson Way, Nelson Park West Cramlington, NE23 1WG
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	R D Adamson and P A Lannagan of Mazars LLP, Mazars House, Gelderd Road, Gildersome, Leeds, LS27 7JN & 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
Joint Administrators' address	Mazars House, Gelderd Road, Gildersome, Leeds, LS27 7JN
Appointed by	the floating charge holder

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

Statement of Affairs £	From 23/06/2016 To 17/10/2016 £	From 23/12/2015 To 17/10/2016 £
ASSET REALISATIONS		
Plant & Machinery	NIL	11,000 00
Motor Vehicles	1,000 00	3,000 00
Book Debts	710 00	710 00
Book Debt Surplus	2,328 73	2 328 73
Water Refund	99 51	99 51
Bank Interest Gross	7 63	7 63
	<u>4,145 87</u>	<u>17,145 87</u>
COST OF REALISATIONS		
Accountant's Fees	350 00	350 00
Other Property Expenses	1,500 00	1,500 00
Insurance of Assets	499 32	499 32
	<u>(2,349 32)</u>	<u>(2,349 32)</u>
	<u>1,796 55</u>	<u>14,796.55</u>

Matsar Specialist Coatings Limited (In Administration)
Estimated Outcome Statement as at 17 October 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	2,328 73	-	2,329
Unencumbered Book Debts	710 00	2,649	3,359
Water Refund Claim	100 00	-	100
Business Rates Refund	-	Nil	Nil
Termination Charges	-	1,933	1,933
VAT Bad Debt Relief	-	Unknown	Unknown
			21,721
Less costs			
Pre Appointment Costs	-	(1,342)	(1,342)
Joint Administrators' Fees	-	(27,841)	(27,841)
Joint Administrators' Disbursements	-	(499)	(499)
Legal Fees & Disbursements	-	(2,081)	(2,081)
Agent's Fees & Disbursements	-	(3,422)	(3,422)
Accountancy Fees	-	(350)	(350)
Debt Collection Fees	-	(4,651)	(4,651)
CAPA	-	Nil	Nil
Insurance Costs	-	(499)	(499)
Rent	-	(1,500)	(1,500)
	17,139	(42,185)	(42,185)
Available to Preferential Creditors			NIL
Preferential Claims (estimate)			(19,587)
Available to Unsecured Creditors			NIL
Unsecured Claims			(360,003)
Dividend (p in the £)			Nil

EXPENSES STATEMENT

Details of expenses incurred and details of future anticipated expenses are provided below, together with an explanation as to why the expenses have been, or will be, incurred. This includes all expenses incurred by the Joint Administrators irrespective of whether or not they have been paid and may include estimated amounts where actual invoices have not yet been received.

Details of expenses paid during the period of the report and cumulative expenses paid since the commencement of the case are shown in the receipts and payments account at Appendix B.

	Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate (£)	Incurred in previous period (£)	Incurred in current period (£)	Likely future expenses (£)	Revised Expenses estimate (£)
Professional advisors' costs							
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 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	109.00	-	2,080.50
2	Agent's fees and disbursements	<p>I instructed Fox Lloyds Jones because of their experience in providing such valuations in an insolvency scenario.</p> <p>Their time includes attending company premises, organising lock change on</p>	3,422.00	3,422.00	-	-	3,422.00

EXPENSES STATEMENT

		<p>the property undertaking an inventory of assets, providing a 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 a letter of recommendation in relation to the highest offer received.</p> <p>Their fees total £3,422 plus VAT</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>	350.00	350.00	-	-	350.00
4	Business Rates Advisors	<p>CAPA were 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 were unsuccessful in securing a refund there would be no fee.</p> <p>Unfortunately they were unable to recover any monies in relation to the Company's business rates and as such have not charged a fee to the Administration</p>	-	-	-	-	
Payments to associated entities of Mazars LLP							
5	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, they have been repaid in full under the fixed charge from the book debt collections and have reassigned the remaining ledger to the</p>	4,651.00	-	1,312.00	3,339.00	4,651.00

EXPENSES STATEMENT

		<p>Administration in the sum of £20,000</p> <p>The Company also had a second ledger which was outside of the facility with Metrobank in the sum of £9,118</p> <p>Mazars Receivables Management ("MRM") have been instructed to assist with the collection of remaining debtors in order to maximise realisations for creditors MRM is an associate of Mazars LLP MRM have been engaged as they are experienced in collecting and monitoring book debts in insolvency scenarios</p> <p>Further information on the status of book debt collections is provided in Section 4 of the report</p> <p>Approval for the basis of MRM's remuneration was obtained from the Secured and Preferential creditors on 4 August 2016 with reference to time properly spent in respect of the realisation of the Company's book debts</p> <p>No payments have been paid to MRM to date</p> <p>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 manager at £165 and 24 hours for an administrator at £115</p> <p>Total costs for MRM's services are estimated to be £4,651 plus VAT</p>					
6	Rent	<p>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</p>	1,500.00	1,500 00	-	-	1,500.00

EXPENSES STATEMENT

		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.					
Other expenses							
7	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.	-	-	-	-	-
8	Insurance of assets	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). As all insurable assets have been sold, there is no requirement for any further insurance cover.	499.32	499.32	-	-	499.32
9	Joint Administrators' Disbursements	Disbursements are expenses paid by this Firm and re-charged to the estate when there are sufficient funds. A breakdown of the Joint Administrators' Disbursements is provided below. Payments totalling £258.63 have been made.					
	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.	84.60	84.60	-	-	84.60
	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	112.50	72.00	-	-	72.00

EXPENSES STATEMENT

		£72 Please note that initial anticipated assets realisations included the net anticipated book debts collections after deducting Metrobank's liability					
	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	102 03	102 03	-	-	102 03
	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 No payment has been made to date	200 00	-	-	200 00	200 00
	Total		12,427 45	8,001 45	1,312 00	3,648 00	12,961.45

Notes.
Professional advisors

The Joint Administrators' choice of the professional advisors listed above 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

The Joint Administrators have reviewed the fees incurred to date and are satisfied that they are reasonable in the circumstances of the case



MAZARS

Matsar Specialist Coatings Limited - IN ADMINISTRATION

APPENDIX E1

ADMINISTRATORS' ANALYSIS OF TIME COSTS AND COMPARISON TO FEES ESTIMATE

The Joint Administrators' total Fees Estimate as approved by creditors on 16 March 2016 was £27,141 31

As detailed in Section 10 of the report, total costs incurred to date are £21,157 50

The following table provides details of the Administrators' actual time costs incurred in the current reporting period, 23 June 2016 to 17 October 2016, compared to the estimated costs as per the Fees Estimate. The table also includes the cumulative period from 23 December 2016 to 17 October 2016, which provides details of the Administrators' total time costs since appointment.

Further information on the work undertaken in the current reporting period, including an explanation as to why the various tasks were required and whether the work provides a financial benefit to creditors is provided within the narrative summary of the Joint Administrators' time costs at Appendix E2.

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.



MAZARS

Matsar Specialist Coatings Limited - IN ADMINISTRATION

APPENDIX E1

ADMINISTRATORS' ANALYSIS OF TIME COSTS
AND COMPARISON TO FEES ESTIMATE

Description of Work	Fees Estimate Approved on 16 March 2016			Actual time costs for the period 23 June 2016 to 17 October 2016			Cumulative time costs for the period 23 December 2016 to 17 October 2016		
	Total Time (hour)	Total Costs (£)	Blended Hourly Rate (£)	Time incurred (hours)	Total Costs (£)	Blended Hourly Rate (£)	Time incurred (hours)	Total Costs (£)	Blended Hourly Rate (£)
Admin & Planning	19 90	1,909 90	96	1 20	163 20	136 00	23 10	2,243 50	97 12
Taxation	13 86	2051 21	148	2 30	329 00	143 04	4 40	599 60	136 27
Investigations	7 10	1,008 60	142	-	-	-	9 60	1,336 80	
. Realisation of Assets	63 00	9,340 80	148	1 50	208 20	138 80	41 30	5,638 70	136 53
Employees	6 80	880 40	129	0 50	74 00	148 00	7 90	1,064 20	134 71
Creditors	1 80	295 80	164	1 80	418 50	232 50	7 00	1,165 00	134.71
Reporting	48 20	7,505 40	156	18 80	2,963 50	157 63	42 80	5,889 70	137 61
Cashuening	20 34	2,304 60	113	2 40	274 30	114 29	3 40	394 40	116 00
Statutory compliance	14 00	1,844 60	132	0 70	103 60	148 00	20 10	2,825 60	140 58
Totals	195	27,141.32	139	29.20	4,534.30	155.28	159.60	21,157.50	132.57

**NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS
FOR THE PERIOD 23 JUNE 2016 TO 17 OCTOBER 2016**

<p>Introduction</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> <p>This summary should be read together with the Joint Trustees' Time Costs Analysis at Appendix E1. The costs incurred in relation to each category are set out in the attached Time Cost Analysis</p>
<p>Work carried out in the current period</p> <p><u>Administration and planning</u></p> <p>The Administrators have undertaken the following work</p> <ul style="list-style-type: none"> • Ongoing strategy meetings with regard to extending the Administration • 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"> • Reviewing the Company's VAT position, deregistering the Company for VAT once all of the taxable assets have been sold in line with the VAT regulations • Preparing post Administration VAT returns, as required by statute <p>The majority of this work derived no financial benefit for creditors, however, it is required in accordance with tax legislation</p> <p><u>Realisation of Assets</u></p> <p>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 book debts. In addition to the information provided in Section 3, the following has been carried out</p> <ul style="list-style-type: none"> • Pursuing the Company's outstanding book debts • Reviewing MRM's notes with regard to the reassigned ledger from Metrobank <p>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</p> <p><u>Employees</u></p> <p>The Company employed 12 employees. Further information regarding employees' claims is included within Section 6 of the report. It is not expected that a dividend will be paid to employees.</p> <p>Work undertaken in order to ensure that employee claims have been dealt with appropriately includes</p> <ul style="list-style-type: none"> • Liaising with the Pensions Regulator with regard to the Company's pension auto enrolment staging date <p>The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors</p> <p><u>Creditors</u></p>

**NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS
FOR THE PERIOD 23 JUNE 2016 TO 17 OCTOBER 2016**

There are approximately 24 unsecured creditor claims. In order to ensure that creditors are dealt with appropriately, the following work has been undertaken:

- Responding to any queries which arise
- Providing an update to Metrobank on the progress of the Administration

The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors.

Reporting

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

- The proposals were issued on 10 February 2016. Six-monthly progress reports are required to be issued by The Insolvency Act and Rules to provide creditors with an update of the progress of the Administration.
- Preparing the progress report required to extend the Administration for a further 12 months.

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.

Cashiering

Cashiering work undertaken includes:

- 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:

- Case monitoring and statutory compliance, including internal case reviews
- Agreeing outstanding professional advisors fees

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.