Rule 2.38 **Form 2.20B(Scot)**

The Insolvency Act 1986

Administrator's progress report

R2.38

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company	Company number
Axon Well Intervention Products UK Ltd	SC208659

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

We (a)

Gordon Malcolm MacLure
Johnston Carmichael LLP
Bishops Court
29 Albyn Place
Aberdeen
AB10 1YL

Ewen R Alexander
Johnston Carmichael LLP
Bishops Court
29 Albyn Place
Aberdeen
AB10 1YL

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

(b) Insert date(s)

from	to
(b) 20 September 2016	(b) 19 March 2017

Signed MA MacLure
Joint / Administrator(s)

Dated 27 April 2017.

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

Gordon Malcolm MacLure
Johnston Carmichael LLP
Bishops Court
29 Albyn Place
Aberdeen
AB10 1YL

DX Number	01224 212222 DX Exchange

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DX 235 Edinburgh / LP 4 Edinburgh-2

JOHNSTON CARMICHAEL

Axon Well Intervention Products UK Ltd (In Administration)

Administrators' progress report for the period from 20 September 2016 to 19 March 2017

Contents

Appendices

Section 1: Introduction

1.1 Gordon Malcolm MacLure and Ewen Ross Alexander of Johnston Carmichael LLP, Bishop's Court, 29 Albyn Place, Aberdeen, AB10 1YL were appointed as Joint Administrators of Axon Well Intervention Products UK Ltd ("the Administrators") on 20 September 2016 by the directors of the Company who were Jeff Merecka, Gary Warren Stratulate and Tracy Virgo.

1.2 Form 2.8B (Scot) giving notice of the appointment of the Administrators was lodged at Aberdeen Sheriff Court on 20 September 2016.

1.3 Axon Well Intervention Products UK Ltd ("Axon" or "the Company") (company number SC208659) had its registered office at Sir William Smith Road, Arbroath, DD11 3RD but the registered office is now at Bishops Court, 29 Albyn Place, Aberdeen AB10 1YL.

1.4 This progress report covers the period from 20 September 2016 to 19 March 2017 and should be read in conjunction with the Joint Administrators' Report and Statement of Proposals dated 9 November 2016.

Section 2: Receipts and Payments Account

2.1 A copy of the Administrators' receipts and payments account for the period from 20 September 2016 to 19 March 2017 is attached at Appendix I.

Section 3: Asset Realisations

3.1 Plant, Machinery and Stock

As advised in the Administrators report dated 9 November 2016, Thainstone Specialist Auctions ("TSA") were instructed to hold an on-site and electronic auction sale of the Company's plant, machinery and remaining stock. The sale took place on 22 November 2016 at the Company's property at Arbroath and realised gross sale proceeds of £157,734. The related sale and set up costs amounted to £17,025 and the net sale proceeds of £140,709 were received by the Administrators on 2 December 2016.

3.2 Heritable Property

Following the onsite sale of the Company's plant, machinery and stock by TSA, the Administrators' property agents, Ryden LLP, progressed the marketing and sale of the Company's property at William Smith Road, Arbroath. The property was placed on the market in late October 2016 and, while there were a number of interested parties who viewed the property, the only offer received was from Esk Glazing Limited. This offer was for £175,000 exclusive of VAT but, after a period of extended discussions, the Administrators finally accepted an increased offer of £220,000 exclusive of VAT. The sale of the property finally settled on 17 March 2017 but, as the net sale proceeds of £216,323 were not received until 27 March 2017, the sale proceeds and the related sale costs are not shown in the Receipts and Payments account at Appendix I and will be accounted for during the accounting period.

3.3 **Book Debts**

At the date of the Administrators' appointment, the Company's sales ledger showed outstanding book debts totalling £81,212. The Administrators have pursued recovery of the outstanding debts, including where required instructing legal action, and as a result by 19 March 2017 the Administrators had achieved full recovery of the outstanding book debts of £81,212.

3.4 **Funds Held on Appointment**

The Administrators instructed the transfer of funds held in the Company US dollar bank account at the date of appointment and the sterling equivalent of £3,206 was subsequently paid into the administration bank account.

Section 4: Creditors

4.1 Preferential creditor claims in respect of employee arrears of wages and holiday pay total £49,161 and it is expected that all preferential creditors will receive full payment of the amounts due no later than 15 May 2017.

4.2 As previously advised the Company has a secured creditor, Wells Fargo National Association ("Wells Fargo"), which holds a bond and floating charge over all of the Company's assets. It is currently estimated that Wells Fargo's total recovery under the floating charge will be around £213,000 and it is proposed that a payment on account of £175,000 will be made to Wells Fargo shortly after payment of the preferential creditor claims.

4.3 The bond and floating charge in favour of Wells Fargo was created on 14 February 2012 and, therefore, a Prescribed Part will be available for the Company's unsecured creditors in terms of section 176A of the insolvency Act 1986. Based on current information available, the estimated value of the Company's Net Property is £270,000 and the amount of the Prescribed Part to be set aside for unsecured creditors is £57,000.

4.4 At present, based on Company's accounting records and creditor claims received to date, the Administrators estimate that unsecured creditor claims including amounts due to Axon Energy Products Group companies are likely to total around £4.7m. On this basis the dividend payable to unsecured creditors in terms of the Prescribed Part would only be around 1p in the £ but this amount will be subject to the final adjudication of unsecured creditor claims and the administration costs and expenses.

Section 5: Company Directors Disqualification Act 1986

5.1 In terms of the Company Directors Disqualification Act 1986, the Administrators have made a submission to the Insolvency Service on the conduct of the Company's former directors.

Section 6: Administrators' Remuneration and Outlays

6.1 The Administrators' Report and Statement of Proposals stated that, in accordance with Rule 2.39 (9) (b) of the Insolvency (Scotland) Rules 1986 the Administrators will seek approval of their remuneration from the secured and the preferential creditors on the basis of time properly spent by the Administrators and their staff in dealing with matters arising during the course of the administration.

6.2 The Administrators' time costs for the period from 20 September 2016 to 19 March 2017 amount to £59,726.00 which represents 240.14 hours at an average rate of £248.71 per hour.

6.3 In accordance with Statement of Insolvency Practice 9 the Administrators' Time and Charge-out summary covering the period from 20 September 2016 to 19 March 2017 is shown at Appendix II.

6.4 Additional information on the work undertaken by the Joint Administrators' during the period 20 September 2016 to 19 March 2017 is shown at Appendix III.

6.5 The Administrators propose an amount of £59,726.00 plus VAT in respect of their remuneration for the period from 20 September 2016 to 19 March 2017. The Administrators' Report and Statement of Proposals dated 9 November 2016 proposed an amount of £36,885.18 plus VAT for the Administrators' remuneration for the period from 20 September 2016 to 9 November 2016 and this amount was subsequently approved by the floating charge creditor, Wells Fargo, and payment made.

6.6 In accordance with Statement of Solvency Practice 9 additional information regarding the Administrators' policy on staffing, the use of sub-contractors and disbursements is shown in Appendix IV.

6.7 A copy of "A Creditors' Guide to Administrators' Remuneration: Scotland" can be downloaded from the Johnston Carmichael LLP Website (http://www.jcca.co.uk/services/restructuring/guides-for-creditors-and-other-stakeholders/). If any creditor would prefer to receive a hard copy of the guide they should contact the Joint Administrators who will arrange for a copy to be sent free of charge.

Section 7: Future Conduct of the Administration

7.1 The Administrators' will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- Review the amounts totalling £812,647 due to the Company by other Axon Group companies and, where appropriate, seek recovery of any outstanding amounts;
- Finalising the adjudication of preferential creditor claims and making distributions to preferential creditors;
- Settlement of administration costs and expenses;
- Undertaking the adjudication of unsecured creditor claims and making the distributions to the floating charge creditor and to unsecured creditors.
- Closing administration procedures.

Section 8: Extension of Administration

8.1 The duration of an Administration is restricted to 12 months from the date of commencement unless it is extended with the permission of creditors or the Court. The administration therefore is currently due to end on 19 September 2017.

8.2 The Administrators will seek to progress all administration matters as quickly as possible but it is likely an extension of the administration period beyond 19 September 2017 will be required and, if so, then the Administrators will seek the required consent.

Section 9: Next Report

9.1 The next progress report will be issued within 6 weeks of the end of the accounting period ending on 19 September 2017.

Signed: ....

Gordon MacLure
Joint Administrator
Johnston Carmichael LLP
Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

Axon Well Intervention Products UK Ltd (In Administration) – Appendix I

JOHNSTON CARMICHAEL

Administrators' Receipts and Payments Account

Statement of Affairs		20 September 2016 to 19 March 2017
	ASSETS REALISATIONS	**£**
450,341	Heritable Property	Nil
628,329	Plant, Machinery & Stock	158,680
81,212	Book Debts	81,212
569	Petty Cash	77
5,507	Funds Held on Appointment	3,206
		243,175
	COSTS OF REALISATIONS	
	Specific Bond	315
	Office Holders' Fees	36,885
	Office Holders' Travel Expenses	240
	Registers of Scotland	18
	Agents/Valuers Fees	21,830
	Property Security Costs	11,977
	Legal Fees and Outlays	1,503
	Tax Advisor Fees	1,000
	Property Heat & Light	4,376
	Re-Direction of Mail	175
	Statutory Advertising	409
		78,728
		164,446
	REPRESENTED BY	
	VAT Receivable	15,304
	Bank Current Account	182,473
	Suspense Account	(1,302)
	General Clients Account	(292.50)
	VAT Payable	(31,736)
		164,446

Administrators' SIP 9 Time and Charge-out Summary
for the period 20 September 2016 to 19 March 2017

Classification of Work Function	Partner	Directors	Managers	Insolvency Administrators	Total Hours	Time Cost	Average Hourly Rate
Administration and Planning	16.10	17.90	1.30	30.10	65.40	13,529.50	206.87
Realisation of Assets	15.80	73.10	0.30	4.75	93.95	27,053.42	287.96
Trading N/A							
Creditors	12.10	42.20	7.70	18.29	80.29	18,954.70	236.08
Investigations	0.50				0.50	188.39	376.78
Total Hours	44.50	133.20	9.30	53.14	240.14	59,726.00	248.71
Avg Hourly Charge Out Rates (£)	376.78	283.80	142.80	73.31			

Administrators' SIP 9 Time and Charge-out Summary – Additional Information on Work Undertaken during the period from 20 September 2016 to 19 March 2017:

Administration and Planning

- Formulating, monitoring and reviewing the administration strategy, including the decision not to continue trading;
- Regular case management and reviewing of progress including update meetings and discussions;
- Dealing with queries arising during the appointment;
- Liaising with legal advisors regarding various instructions;
- Collating initial information including creditor information, details of assets and information relating asset certifications;
- Instructing the statutory advertising of our appointment;
- Arranging bonding and complying with statutory requirements;
- Ensuring compliance with all statutory obligations and case file management;
- Submitting relevant initial notifications to HM Revenue & Customs;
- Reviewing the Company's pre-appointment VAT position;
- Setting up an administration bank account and dealing with the Company's pre-appointment accounts;
- Preparing and processing vouchers for post-appointment receipts and payments;
- Reconciling post-appointment bank accounts;
- Requesting delivery of relevant Company statutory and accounting records and arranging for their delivery;
- Arranging ongoing insurance cover for the Company's business and assets;
- Liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place;
- Company and director searches;
- Reviewing the questionnaires submitted by the directors of the Company;
- Initial review of pre-appointment transactions;

Administrators' SIP 9 Time and Charge-out Summary – Additional Information on Work Undertaken during the period from 20 September 2016 to 19 March 2017:

Creditors

- Communicating and corresponding with HM Revenue & Customs;
- Correspondence and discussions with floating charge creditor, Wells Fargo, on progress of administration;
- Creating and updating the list of unsecured creditors;
- Responding to enquiries from creditors regarding the Administration and submission of their claims;
- Reviewing documentation submitted by creditors;
- Dealing with suppliers for retention of title claims, including reviewing supporting documentation and attending site inspections;
- Dealing with consignment stock suppliers including attending site inspections.
- Dealing with all employee queries regarding various matters relating to the Administration and their claims submitted to the Redundancy Payments Office;
- Preparation of detailed Report and this Statement of the Administrators' Proposals.

Realisation of Assets

- Planning the strategy for the sale of the Company's assets including instruction and liaison with agents;
- Collating relevant information and drafting information memorandum for the sale of the Company's assets;
- Dealing with queries from interested parties;
- Collating information from the Company's records regarding the assets;
- Liaising with Thainstone Specialist Auctions regarding the marketing and sale of the moveable assets;
- Liaising with Rydens and Burness Paull regarding the marketing and sale of the Company's property;
- Correspondence with HMRC regarding VAT status of the Company's property;
- Liaising with Esk Glazing Limited on handover arrangements on sale of property;
- Reviewing outstanding debtors and management of debt collection strategy including instructing legal agents and recovery action;
- Liaising with customers regarding uplift of equipment and certification documentation to assist with book debt recoveries;
- Instructing transfer of funds held in Company dollar bank account;

Additional Information in relation to the Administrators' Remuneration and Disbursements pursuant to SIP 9

1. Policy

- Detailed below is Johnston Carmichael LLP's policy in relation to:
- Staff allocation and the use of sub-contractors;
- Professional advisors; and
- Disbursements
- Charge-out Rates

1.1 Staff allocation and the use of sub-contractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meeting specific requirements of the case. The constitution of the case team will depend on the anticipated size and complexity of the assignment and the various requirements of the assignment. With regards support staff, we should advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team will we seek to charge and recover our time in this regard.

1.2 Professional Advisors

On this assignment we have engaged the professional advisors listed below with our choice being based on our perception on their experience and ability to perform this type of work, the location and nature of the assignment and the basis of the fee arrangement with them.

Professional Advisor	Services Provided
Burness Paull LLP	Legal advisors
Thainstone Specialist Auctions	Moveable asset advisors
Ryden LLP	Commercial property advisors

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursements to a case generally comprise of external supplies of incidental services specifically identifiable to the case including statutory advertising and specific penalty bond.

Category 2 disbursements are costs that are directly referable to the appointment in question but not paid to a third party and they include costs that can be allocated to the case on a proper basis such as car mileage.

1.4 Charge-out Rates

The hourly charge-out rates for the grades of staff involved on this administration is detailed as follows:

Grade	**From 1 June 2016**	**From 1 December 2016**
	£ per hour	**£ per hour**
Partner	368	400
Director	275	325
Senior Manager	194	225
Senior Administrator	108	115
Administrator	77	90

Time is charged for work carried out on the case, using a minimum time unit of six minutes.