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 2017	(b) 19 March 2018

Signed ______________________
Joint / Administrator(s)

Dated 26 Apr 2018

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

When you have completed and signed this form, please send it to the Registrar of Companies at: -
Companies House, 37 Castle Terrace, Edinburgh EH1 2EB
DX 235 Edinburgh / LP 4 Edinburgh-2

JOHNSTON
CARMICHAEL

Axon Well Intervention Products UK Ltd (In Administration)

Administrators' progress report to creditors for the period from 20 September 2017 to 19 March 2018

Issued on 26 April 2018

Johnston Carmichael LLP
Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

Tel: 01224 212222

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 ("the Administrators") of Axon Well Intervention Products UK Ltd ("the Company") 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 The Company formerly had its registered office at Sir William Smith Road, Arbroath, DD11 3RD but this was changed by the Administrators to Bishop's Court, 29 Albyn Place, Aberdeen AB10 1YL.

1.4 This progress report to all creditors of the Company covers the period from 20 September 2017 to 19 March 2018 and should be read in conjunction with the Administrators' previous progress reports issued on 31 October 2017, 27 April 2017 and the 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 2017 to 19 March 2018 is attached at *Appendix I*.

2.2 Receipts in the period comprised gross bank interest income totalling £39.49 less realisation costs totalling £32,581.25. Further details of these receipts and payments are included in this report.

Section 3: Asset Realisations

3.1 Heritable Property

The Company's heritable property was sold on 17 March 2017. Details of the sale have been provided in our previous reports.

3.2 Plant, Machinery and Stock

The Company's plant & machinery was sold in prior accounting periods. There have been no further plant & machinery sales in this period, all plant & machinery having already been sold.

3.3 Book Debts

As noted in previous reports, a full recovery of outstanding trade debtors totalling £81,212.11 has been achieved.

There are also inter-company debts totalling £812,647 due to the Company from five related legal entities. In this period, the Administrators have obtained further information on the financial status of each inter-company debtor, taken legal advice on possible debt recovery action and have assessed the commercial benefit of incurring further costs to try to recover those debts.

Several of the inter-company debtors are in overseas jurisdictions and their directors either have resolved to or intend to place them into an insolvency proceeding. The only inter-company debtor that is based in the UK is in liquidation and the liquidator recently reported that there would be no dividend available to any class of creditor.

Having reviewed the costs of taking enforcement action against each of the inter-company debtors, the costs of any legal actions and the prospects of the Company actually receiving a dividend from the insolvency of an inter-company debtor, the Administrators have concluded that there is no benefit to the Company's unsecured creditors in further costs being incurred in pursuing the inter-company balances. No further action is therefore being taken to recover those balances and there will be no further recoveries from any book debt.

3.4 **Insurance Refund**

An insurance refund of £539.32 was received in the last accounting period. No further insurance refunds have been received or are expected.

3.5 **Funds Held on Appointment**

All funds held in the Company's GBP and USD bank accounts totalling £4,508.13 were realised in a prior period.

3.6 **Bank Interest**

Gross bank interest totalling £39.49 was received in the period bringing total gross interest received to £252.85.

Section 4: Creditors

4.1 Preferential creditor claims in respect of employee arrears of wages and holiday pay totalling £49,160.58 were paid in full in a prior period.

4.2 A first interim dividend of £175,000.00 has been paid to Wells Fargo National Association ("Wells Fargo"), the Company's secured creditor. Subject to finalising the Administrators' final remuneration and payment of final legal fees, there will be a final dividend available to the secured creditor in the region of £26,000.

4.3 A Prescribed Part will be available for the Company's unsecured creditors in terms of section 176A of the Insolvency Act 1986. Subject to finalising the Administrators' remuneration and final legal fees, the estimated value of the Company's Net Property is £254,950 and the amount of the Prescribed Part to be set aside for unsecured creditors is £54,000.

4.4 Unsecured creditor claims totalling £4,949,935 have been received and adjudicated upon by the Administrators. The dividend payable to unsecured creditors, which is made available by virtue of the Prescribed Part referred to above, will be just under 1 pence in the £. The Administrators will therefore be writing to all creditors within the next 7 days with details of the adjudication of their claim and the dividend payable to them. Following a period of 14 days to allow any creditor to appeal about the adjudication of claims, a first and final dividend will then be paid to unsecured creditors.

Section 5: Company Directors Disqualification Act 1986

5.1 In terms of the Company Directors Disqualification Act 1986, the Administrators have made submissions 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 would 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 To date the Administrators have drawn total remuneration of £89,829.75 excluding VAT as set out in previous reports, as approved by the Company's secured and preferential creditors and in accordance with Statement of Insolvency Practice 9.

6.3 In accordance with Statement of Insolvency Practice 9 the Administrators' Time and Charge-out summary covering the period from 20 September 2017 to 19 March 2018 is shown at Appendix II. The Administrators' time costs in this period in relation Prescribed Part matters total £8,204.30 exclusive of VAT. The Administrators' time costs in relation to all other matters in this period total £8,696.90 exclusive of VAT. Additional information on the work undertaken by the Joint Administrators' during that period is also shown at Appendix II.

6.4 The Administrators intend to restrict their time costs for this period, and to the closure of the Administration, to a total of £7,500 exclusive of VAT in relation to Prescribed Part matters and to £8,500 exclusive of VAT in relation to all other matters.

6.5 The Administrators therefore propose to draw a final fee of £7,500 exclusive of VAT from Prescribed Part funds and £8,500 exclusive of VAT from non-Prescribed Part funds, subject to the approval of the secured creditor of the Company and preferential creditors whose debts amount to more than 50% of the preferential debts of the Company, disregarding the debts of any creditor who does not respond to an invitation to give or withhold approval, in accordance with Rule 2.39(9) of the Insolvency (Scotland) Rule 1986.

6.6 Rule 2.28 of the Insolvency (Scotland) Rules 1986 allows for the Administrators to conduct business with the Company's creditors by correspondence. A Notice detailing a resolution for approval of the Administrators' remuneration for the period 20 September 2017 to 19 March 2018 is enclosed at Appendix IV. This Notice requires to be completed, signed and returned to the Administrators by secured or preferential creditors no later than 14 May 2018.

6.7 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.

6.8 A copy of a "Creditors' Guide to Administrators' Remuneration" can be downloaded from the following website: https://www.icas.com/technical-resources/creditor-guides-to-office-holder-remuneration
If any creditor would prefer to receive a hard copy of the guide they should contact the Administrators who will arrange for a copy to be sent free of charge.

Section 7: Extension of Administration

7.1 The period 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.

7.2 The Administrators sought the approval of the Company's secured creditor to an extension of the Administration until 20 September 2018. The purpose of that extension was to allow them to investigate the prospect of further asset realisations and to make distributions to creditors. That approval was obtained and the Administration was extended until 20 September 2018. The Administrators now have completed their work in relation to asset realisations and will be exiting office shortly after paying final dividends to creditors.

Section 8: Future Conduct of the Administration

8.1 The Administrators' will continue to manage the affairs, business and the property of the Company to achieve the purpose of the Administration and to bring the case to an end as efficiently as possible. This will include but not be limited to:

- submitting final VAT and corporation tax returns;
- settlement of all administration costs and expenses;
- issuing the adjudication of all unsecured creditor claims and making final distributions to the Company's secured and unsecured creditors; and
- closing administration procedures.

Section 9: Final Report

9.1 The Administrators' next report will be their final report, which will be issued after dividends to creditors have been paid and as they exit office.

Yours faithfully
For and on behalf of
Axon Well Intervention Products UK Ltd

....
Gordon MacLure
Joint Administrator

The affairs, business and property of Axon Well Intervention Products UK Ltd are being managed by the Joint Administrators who contract only as agents of the company and without personal liability.

Gordon Malcolm MacLure and Ewen R Alexander are authorised to act as insolvency practitioners in the United Kingdom by the Institute of Chartered Accountants of Scotland

Axon Well Intervention Products UK Ltd (In Administration)

Receipts and Payments Account for the period 20 September 2017 to 19 March 2018

Statement of Affairs		From 20/09/2017 To 19/03/2018	From 20/09/2016 To 19/03/2018
£	**ASSET REALISATIONS**	£	£
450,341.00	Heritable Property	NIL	220,000.00
56,815.00	Plant & Machinery	NIL	158,679.60
570,514.00	Stock	NIL	NIL
166,593.00	WIP	NIL	NIL
81,212.00	Book Debts	NIL	81,212.11
	Insurance Refund	NIL	539.32
5,507.00	Cash at Bank	NIL	NIL
569.00	Petty Cash	NIL	77.42
	Funds held on Appointment	NIL	4,508.13
	Bank Interest Gross	39.49	252.85
		39.49	**465,269.43**
	COST OF REALISATIONS		
	Specific Bond	52.50	367.50
	Office Holders Fees	30,103.75	89,829.75
	Office Holders Travel Expenses	NIL	240.00
	Registers of Scotland	NIL	18.00
	Agents Valuation and Commission Fee	NIL	25,804.74
	Property Security Costs	NIL	12,022.35
	Legal Fees and Outlays	2,425.00	6,994.00
	Tax Advisor Fees	NIL	1,000.00
	Irrecoverable VAT	NIL	1,406.17
	Property Heat and Light	NIL	4,376.18
	Water Charges	NIL	2,068.32
	Re-Direction of Mail	NIL	175.00
	Statutory Advertising	NIL	409.30
	Other Property Expenses	NIL	NIL
	Insurance of Assets	NIL	7,913.31
	Bank Charges	NIL	30.00
		(32,581.25)	**(152,654.62)**
	PREFERENTIAL CREDITORS		
	Employee Related Claims	NIL	(49,160.58)
	FLOATING CHARGE CREDITORS		
	Floating Charge Creditor	NIL	(175,000.00)
1,331,551.00		**(32,541.76)**	**88,454.23**
	REPRESENTED BY		
	Bank - Current		88,746.73
	General Clients Account		(292.50)
			88,454.23

Notes

1. All figures are exclusive of VAT
2. The figures shown are actual receipts and payments and make no provision for future realisation costs.

Administrators' SIP 9 Time and Charge-out Summary for the period 20 September 2017 to 19 March 2018

	Hours							
Classification of work function	Partners	Directors	Managers	Case Administrators	Cashiers	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration and planning	0.8	14.7	4.7	8.7	4.5	**33.3**	7,188.60	216
Creditors - prescribed part	4.4	9.8	8.3	12.0	0.2	**34.7**	8,204.30	236
Realisation of assets	0.7	0.0	0.0	0.0	0.0	**0.7**	293.30	419
Realisation of assets	0.4	2.5	0.9	0.0	0.0	**3.8**	1,215.00	320
Totals	**6.3**	**27.0**	**13.9**	**20.7**	**4.7**	**72.5**	**16,901.20**	
Average hourly rates (£)	*411*	*333*	*213*	*94*	*90*	*233*		

Note:

The time and charge out summary above shows the Administrators' time costs in the period 20 September 2017 to 19 March 2018. The Administrators have since incurred further time costs but propose to restrict their time costs for the period 20 September 2017 to 19 March 2018 and to closure of the Administration, to a total of £7,500 exclusive of VAT in relation to Prescribed Part matters and to £8,500 exclusive of VAT in relation to all other matters.

Additional Information on Work Undertaken during the period from 20 September 2017 to 19 March 2018

Administration and Planning

- Statutory correspondence and reports to creditors;
- Monitoring and reviewing the administration strategy and exit strategy;
- Regular case management and reviewing of progress including update meetings and discussions;
- Dealing with queries arising during the appointment;
- Ensuring compliance with all statutory obligations and case file management;
- Liaising with HM Revenue & Customs in relation to VAT and corporation tax;
- Preparing and processing vouchers for post-appointment receipts and payments;
- Reconciling post-appointment bank accounts;
- Scanning and filing of case documentation; and
- Updating Insolvency Practitioners' System diary for the case.

Creditors – Prescribed Part

- Reviewing documentation submitted by unsecured creditors;
- Seeking legal advice in relation to certain elements of unsecured employee claims;
- Adjudicating upon unsecured former employee claims;
- Maintaining a list of creditors; and
- Dealing with former employee queries regarding various matters relating to the Administration and their claims submitted to the Redundancy Payments Office.

Realisation of Assets

- Reviewing outstanding inter-company debtors and seeking information on the recoverability of those debts; and
- Seeking legal advice on the practicalities of enforcement action in overseas jurisdictions in relation to inter-company book debts.

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 valuers
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	From 1 June 2017	From 1 December 2017
	£ per hour	£ per hour	£ per hour	£ per hour
Partner	368	400	408	419
Director	275	325	332	341
Senior Manager	194	225	230	236
Senior Administrator	108	115	118	121
Administrator	77	90	100	103

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

Form 2.25B

Rule 2.48

Notice of conduct of business by correspondence

	Name of Company Axon Well Intervention Products UK Ltd	Company number SCSC208659
	In the Aberdeen Sheriff Court (full name of court)	Court case number None provided
(a) Insert full name(s) and address(es) of administrator(s)	Notice is hereby given by Ewen R Alexander Johnston Carmichael LLP Bishops Court 29 Albyn Place Aberdeen AB10 1YL	Gordon Malcolm MacLure Johnston Carmichael LLP Bishops Court 29 Albyn Place Aberdeen AB10 1YL
(b) Insert full name and address of registered office of the company	to the creditors of Axon Well Intervention Products UK Ltd Bishop's Court 29 Albyn Place Aberdeen AB10 1YL	
(c) Insert number of resolutions enclosed	that, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed is one resolution for your consideration. **Please indicate below whether you are in favour or against the resolution.**	
(d) Insert address to which form is to be delivered	This form must be received at Johnston Carmichael LLP Bishop's Court 29 Albyn Place Aberdeen AB10 1YL	
(e) Insert closing date	by 12.00 hours on 14 May 2018 in order to be counted. It must be accompanied by details in writing of your claim unless those details have already been submitted for the purpose of a meeting of creditors. Failure to do so will lead to your vote(s) being disregarded.	
Repeat as necessary for the number of resolutions attached	**Resolution (1) That the Administrators' claim for remuneration for the period 20 September 2017 to 19 March 2018 and to closure of the Administration be fixed in the sum of £7,500 in relation to the Prescribed Part and £8,500 in relation to all other matters, both figures exclusive of VAT and outlays**	
*Delete as appropriate	I am *in Favour / Against	
	TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:	
	Name of creditor:	
	Signature of creditor: (If signing on behalf of creditor, state capacity e.g. director/solicitor)	
	If you require any further details or clarification prior to returning your votes, please contact Richard Bathgate at the address above.	
	Signed	
	Joint Administrator	
	Dated: 26 April 2018	