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In the matter of

Practical Compounds Limited ('the Company') In Liquidation

Joint Liquidators' progress report

13 May 2016

Allan David Kelly and Steven Philip Ross
Joint Liquidators
RSM Restructuring Advisory LLP
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

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1 Purpose of report

This report has been prepared in accordance with insolvency legislation to provide creditors and members of the Company with information relating to the progress of the liquidation in the period from 17 April 2015 to 16 April 2016

This report has been prepared solely to comply with the statutory requirements of Rule 4.49B of the Insolvency Rules 1986 (as amended). The purpose of the report is to provide creditors and members with information relating to the progress of the Winding Up in the period from 17 April 2015 to 16 April 2016. It has not been prepared for use in respect of any purpose, or to inform any investment decision in relation to any debt or financial interest in the Company. Any estimated outcomes for creditors are illustrative and may be subject to significant change.

RSM Tenon Limited was acquired by Baker Tilly UK Holdings Limited in September 2013 and, following an internal restructuring, insolvency appointments such as this are now conducted on behalf of RSM Restructuring Advisory LLP, which was previously named Baker Tilly Restructuring and Recovery LLP until 26 October 2015.

Neither the Liquidators nor RSM Restructuring Advisory LLP accept any liability whatsoever arising as a result of any decision or action taken or refrained from as a result of information contained in this report.

2 Joint Liquidators' appointment

Allan David Kelly and Steven Philip Ross of RSM Restructuring Advisory LLP, 1 St James' Gate, Newcastle upon Tyne NE1 4AD were appointed Joint Liquidators of Practical Compounds Limited on 16 December 2015 by the Court.

3 Receipts and payments summary

We attach as Appendix B a summary of our receipts and payments for the period from 17 April 2015 to 16 April 2016.

VAT basis

Receipts and payments are shown net of VAT, with any amount due to or from HM Revenue and Customs shown separately.

4 Creditors' claims

Assets subject to Debenture and factoring agreement

The company had a factoring agreement with Bibby Financial Services Limited ("Bibby"), secured by fixed and floating charges created on 16 April 2012.

Bibby have confirmed that they have recovered sufficient funds to be paid in full.

However, no surplus funds were received and no debts were reassigned to the Liquidator for collection.

4.1 Realisation of assets

As previously stated in my first progress report I had been contacted by a number of interested parties, who shown an interest in acquiring certain assets from the Liquidator.

I can confirm that the Liquidator has completed the sale of whatever right and title the Liquidator had in various assets of the Company. The sale of the assets was completed on 13 April 2016.

Under the terms of the sale contract the terms of the agreement is subject to a confidentiality agreement.

I have now completed the recovery of assets in this case.

As regards the claims of the Preferential Creditors.-

The employees of the Company had claims for arrears of pay and holiday pay which have been dealt with by the Liquidator under the Insolvency Provisions of the Employment Rights Act 1996.

As regards the floating charge creditor:-

The Company's indebtedness with Barclays Bank Plc was secured by a debenture created on 23 February 2012 and registered with the Registrar of Companies on 29 February 2012 giving the Bank a fixed and floating charge over the assets and undertaking of the Company

Unsecured Creditors

To date 30 unsecured creditors have submitted claims totalling £432,288.09

Dividend prospects for creditors

Dividend prospects and projected returns to creditors, where known, are detailed in Appendix A, including any amount under the prescribed part. Please note that these are indicative only and should not be used as the sole or principal basis for any bad debt provision or other purposes. They may be subject to revision and additional costs.

In accordance with Rules 4.186 and 11.7 of the Insolvency Rules 1986 no dividend will be distributed as the funds realised have already been either distributed or allocated for defraying the expenses of the estate.

4.2 Prescribed part

The 'Prescribed Part' is a statutory amount of the Company's assets subject to a floating charge to be set aside for the benefit of the Company's non-preferential creditors.

The Company granted a fixed and floating charge to Bibby on 16 April 2012. The money due to Bibby has been repaid from book debts. As a result, the Liquidator will not have to pay them any money under their floating charge, such that the prescribed part provisions will not apply.

The Company granted a floating charge to Barclays Bank Plc on 23 February 2012 and the prescribed part provisions will apply.

However, since the Company's net property is more likely to be less than £10,000, the Liquidator will not be required to distribute the prescribed part of the net property if it is thought that the costs of distribution would be disproportionate to the benefit to creditors. Should that position change I will advise creditors accordingly.

4.3 Administration and planning

Time has been spent on matters such as filing of appointment documents, handling of receipts and payments, submission of VAT returns and production of progress reports.

4.4 Potential claim for compensation for mis-selling of interest rate hedging product

As you may be aware, a settlement agreement was recently reached between the Financial Conduct Authority ('FCA') and certain major banks, in relation to the sale of interest rate hedging products. We have investigated whether or not the Company was sold a relevant Interest Rate Hedging Product, and whether there is no entitlement to redress within the framework of the FCA settlement, or otherwise.

5 Joint Liquidators' remuneration, disbursements and expenses

5.1 Basis of remuneration

5.1.1 The Joint Liquidators' remuneration was approved at a meeting of the creditors held on 20 June 2014, when the following resolution was passed:

The Liquidators shall be authorised to draw their remuneration based upon their time costs by reference to the time properly given by the Liquidators and their staff, in attending to matters arising in the liquidation at RSM Restructuring Advisory LLP standard hourly rates, at the rates prevailing at the time the work is done.

5.2 Remuneration and Disbursements incurred in the period from 17 April 2015 to 16 April 2016

In accordance with insolvency legislation the Joint Liquidators' are required to report remuneration 'charged'. This reflects the time charged to the case and is the maximum that can be taken in fees by the Joint Liquidators. It does not necessarily reflect the amount of remuneration that will ultimately be

taken by the Joint Liquidators in remuneration. If there are insufficient realisations to allow the Joint Liquidators remuneration to be recovered in full, any balance will be written off. Details of any write off will be set out in the final report.

5.2.1 Joint Liquidators' remuneration

Joint Liquidators have incurred time costs of £15,341.75 in respect of work done in the current period (a summary of which is set out in Appendix G). Details of the sums drawn in respect of remuneration for the period covered by this report are set out in the receipts and payments account (Appendix B).

Attached are the following:

Appendix C RSM Restructuring Advisory LLP's charging & expenses policy statement

Appendix D Joint Liquidators' Charge Out and Disbursement Rates,

Appendix E Category 2 Disbursements Table,

Appendix G Joint Liquidators' Time Cost Analysis for the period set out above.

5.2.2 Joint Liquidators' disbursements

The basis of the Joint Liquidators' drawing disbursements was approved at a meeting of creditors on 20 June 2014, when the following resolution was passed:

The Liquidator be authorised to draw 'category 2' disbursements out of the assets as an expense of the Winding Up, at the rates prevailing when the cost is incurred.

Disbursements incurred in the period in accordance with the resolution above are detailed on Appendix F (Statement of Expenses).

5.3 Total remuneration incurred and paid to date since appointment

The Joint Liquidators have incurred time costs of £33,377.75 since the date of our appointment in accordance with the resolution set out above. Of this, a total of £nil has been paid and £33,377.75 remains outstanding.

Although the resolution approved the creditors entitles me to recover remuneration based upon time costs by reference to matters arising in the Winding Up, it is unlikely that these costs will be recovered in full.

Should you require any further information please do not hesitate to contact me.

5.4 Joint Liquidators' statement of expenses

A statement of the expenses incurred during the period, is attached at Appendix F. This includes all expenses incurred by the Liquidator's in the period of the report irrespective of whether they have been paid or not and may include estimated amounts where actual invoices have not been received. The receipts and payments abstract at Appendix B sets out the expenses actually paid in the period.

Creditors' right to information and ability to challenge remuneration and expenses

In accordance with the provisions of Rules 4.49E and 4.131 of the Insolvency Rules 1986 creditors have a right to request further information about remuneration or expenses and to challenge such remuneration or expenses.

A request for further information must be made in writing within 21 days of receipt of this report.

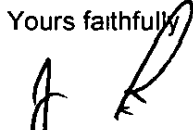
Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to court that the remuneration charged, the basis fixed or expenses incurred by the Liquidator are in all the circumstances excessive.

Any such challenge must be made no later than eight weeks after receipt of the report which first discloses the charging of remuneration or incurring of the expenses in question.

A Guide to Liquidators Fees, which provides information for creditors in relation to the remuneration of a Liquidator, can be accessed at <http://rsm.insolvencypoint.com> under 'general information for creditors'
A hard copy can be requested from my office by telephone, email or in writing

Should you have any further queries please do not hesitate to contact me

Yours faithfully



Steven Philip Ross
RSM Restructuring Advisory LLP
Joint Liquidator

Allan David Kelly is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales
Steven Philip Ross is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales
Insolvency Practitioners are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment

Appendix A

Statutory, dividend and other information

Company name	Practical Compounds Limited
Company number	01164539
Court & reference	In the Newcastle Upon Tyne District Registry No 0227 of 2014
Date of appointment	17 April 2014
Joint Liquidators	Allan David Kelly and Steven Philip Ross
Functions	The Joint Liquidators' appointment specified that they would have power to act jointly and severally The Joint Liquidators' have exercised, and will continue to exercise, all of their functions jointly and severally as stated in the notice of appointment
Date of incorporation	26/03/1974
Previous company names	None
Trading name	None
Trading address	None
Principal activity	Protective coatings for onshore/offshore indust
Registered office	RSM Restructuring Advisory LLP 1 St James' Gate Newcastle upon Tyne NE1 4AD

Dividends	Owed	Paid	Estimated future prospects
Secured creditor (1) Bibby Financial Services Limited	<i>£amount</i>	<i>£amount</i>	Payment In full
Preferential creditors	£Nil	NIL	NIL
Floating charge – Barclays Bank Plc	£25,000	£Nil	£Nil
Unsecured creditors	£423,288 39	Nil	Nil
Estimated net property	N/A		
Estimated prescribed part available for unsecured creditors	N/A		

Receipts and Payments Abstract: 1055051 - Practical Compounds Limited In Liquidation

Bank, Cash and Cash Investment Accounts From 17/04/2015 To 16/04/2016

SOA Value £		17/04/2015 to 16/04/2016		Total to 16/04/2016	
		£	£	£	£
COST OF REALISATIONS					
0 00	DTI Fees	0 00		(1,235 00)	
0 00	ISA Quarterly Charges	(88 00)		(176 00)	
			(88 00)		(1,411 00)
<u>0 00</u>			<u>(88 00)</u>		<u>(1,411 00)</u>
REPRESENTED BY					
	Insolvency Services A/c			(1,411 00)	
					(1,411 00)
					<u>(1,411 00)</u>

APPENDIX C

RSM Restructuring Advisory LLP

Charging, expenses and disbursements policy

Charging policy

- Partners, directors, managers, administrators, cashiers, secretarial and support staff are allocated an hourly charge out rate which is reviewed from time to time
- Work undertaken by cashiers, secretarial and support staff will be or has been charged for separately and such work will not or has not also been charged for as part of the hourly rates charged by partners, directors, managers and administrators
- Time spent by partners and all staff in relation to the insolvency estate is charged to the estate
- Time is recorded in 6-minute units at the rates prevailing at the time the work is done
- The current charge rates for RSM Restructuring Advisory LLP Newcastle are attached
- Time billed is subject to Value Added Tax at the applicable rate, where appropriate
- It is the office holder's policy to ensure that work undertaken is carried out by the appropriate grade of staff required for each task, having regard to its complexity and the skill and experience actually required to perform it
- RSM Restructuring Advisory LLP's charge out rates are reviewed periodically

Expenses and disbursements policy

- Only expenses and disbursements properly incurred in relation to an insolvency estate are re-charged to the insolvency estate
- Expenses and disbursements which comprise external supplies of incidental services specifically identifiable to the insolvency estate require disclosure to the relevant approving party, but do not require approval of the relevant approving party prior to being drawn from the insolvency estate. These are known as 'category 1' disbursements
- Expenses and disbursements which are not capable of precise identification and calculation (for example any which include an element of shared or allocated costs) or payments to outside parties that the firm or any associate has an interest, require the approval of the relevant approving party prior to being drawn from the insolvency estate. These are known as 'category 2' disbursements
- A resolution to consider approving category '1' disbursements at the rates prevailing at the time the cost is incurred to RSM Restructuring Advisory LLP Newcastle will be proposed to the relevant approving party in accordance with the legislative requirements
- General office overheads are not re-charged to the insolvency estate as a disbursement
- Any payments to outside parties in which the office holder or his firm or any associate has an interest will only be made with the approval of the relevant approving party
- Expenses and disbursements re-charged to or incurred directly by an insolvency estate are subject to VAT at the applicable rate, where appropriate

Appendix D

RSM Restructuring Advisory LLP

Joint Liquidators' current charge out and disbursement rates

HOURLY CHARGE OUT RATES		
		Current rates
		£
Partner		350 00 – 440 00
Directors / Associate Directors		247 50 – 300 00
Manager		247 50
Administrators		132 00 – 192 50
Support staff		71 50 – 115 50

“CATEGORY 2” DISBURSEMENT RATES	
Internal room hire	£100 per hour
Subsistence	£25 per night
Travel (car)	42 5p per mile
“Tracker” searches	£10 per case

Appendix E

RSM Restructuring Advisory LLP

Joint Liquidators' category 2 disbursements table

Amounts paid or payable to the Office Holder's firm or to any party in which the office holder or his firm or any associate has an interest		
Recipient, type and purpose	Paid £	Unpaid £
None	Nil	Nil
Total	Nil	Nil

Appendix F

Statement of expenses incurred by the Joint Liquidators in the period from 17 April 2015 to 16 April 2016

Type and purpose	Incurred in period £
Statutory Advertising	169 20
Postage – Royal Mail Group	34 95
Bond	85 00
Legal & Profession Fees	8 00
Total	£297.15

Appendix G

Joint Liquidators' time cost analysis for the period from 17 April 2015 to 16 April 2016

Please note that we have re-designed our SIP9 analysis table to provide a more detailed analysis of the grades of staff within the firm. Please note that this change does not alter the value of time costs recorded, purely the column within the table to which that time, and cost, has been allocated.

SIP9 Summary Level 2
 Practical Compounds Limited
 1055051 / 705 - Compulsory Liquidation
 For the period 11/04/2015 to 15/04/2016

Period	Hours Spent	Partners	Directors / Associate Directors	Managers	Assistant Managers	Administrators	Assistants & Support Staff	Total Hours	Total Time Costs	Average Rates
From Jan 2003	Administration and Planning									
	Background information	0.0	0.0	0.5	0.0	0.0	0.0	0.5	£ 112 50	225 00
	Case Management	4.0	0.0	4.5	0.0	0.9	1.4	10.8	£ 2,526 50	233 94
	Director(s)/debtor/bankrupt	0.0	0.0	0.5	0.0	0.0	0.0	0.5	£ 112 50	225 00
	Pension Scheme	0.0	0.0	0.3	0.0	2.1	0.0	2.4	£ 319 50	133 13
	Tax Matters	0.0	0.0	0.0	0.0	0.4	0.0	0.4	£ 48 00	120 00
	Total	4.0	0.0	5.8	0.0	3.4	1.4	14.6	£ 3,119 00	213 63
	Investigations									
	Investigations/CDDA	0.0	0.0	8.4	0.0	0.0	0.0	8.4	£ 1,890 00	225 00
	Total	0.0	0.0	8.4	0.0	0.0	0.0	8.4	£ 1,890 00	225 00
	Realisation of Assets									
	Assets - general/other	0.0	0.0	0.5	0.0	1.0	0.0	1.5	£ 232 50	155 00
	Chattels	7.0	0.0	4.0	0.0	0.0	0.0	11.0	£ 3,151 25	286 48
	Sale of business	0.0	0.0	22.0	0.0	0.0	0.0	22.0	£ 4,950 00	225 00
	Total	7.0	0.0	26.5	0.0	1.0	0.0	34.5	£ 8,333 75	241 56
	Creditors									
	Other Creditor Meetings and Reports	0.0	0.0	5.0	0.0	2.8	0.5	8.3	£ 1,493 50	179 94
	Unsecured Creditors	0.0	0.0	1.5	0.0	1.4	0.0	2.9	£ 505 50	174 31
	Total	0.0	0.0	6.5	0.0	4.2	0.5	11.2	£ 1,999 00	178 48
	Total Hours (From Jan 2003)	11.0	0.0	47.2	0.0	8.6	1.9	68.7	£ 15,341 75	223 32
	Total Time Cost (From Jan 2003)	£ 3,520 00	£ 0 00	£ 10,631 25	£ 0 00	£ 1,032 00	£ 158 50	£ 15,341 75		
Total Hours		11.0	0.0	47.2	0.0	8.6	1.9	68.7	£ 15,341 75	223 32
	Total Time Cost	£ 3,520 00	£ 0 00	£ 10,631 25	£ 0 00	£ 1,032 00	£ 158 50	£ 15,341 75		
	Average Rates	320 00	0 00	225 24	0 00	120 00	83 42	223 32		

NOTES TO APPENDIX G

Joint Liquidators' time cost analysis

a) Administration and planning

This includes dealing with the commencement of the case administration, statutory filing of appointment documents with Companies' House, requesting the submission of the Statement of Affairs and filing it at Companies' House, together with day-to-day case administration duties, maintenance of records and ongoing statutory obligations. These include but are not limited to handling receipts and payments, VAT and corporation tax issues such as the monthly VAT returns, pension queries and general correspondence. Other matters which are required to be dealt with as part of the appointment and which will fall under this heading include case planning and strategy, case reviews, bonding, obtaining company searches, maintenance and obtaining books and records, general meetings / correspondence, statutory and other advertising, insurance, re-directed mail, statutory receipts and payments accounts, dealing with (including the winding up of) company pension schemes where applicable.

b) Investigations

Where appropriate this will include such matters as investigation of pre-appointment transactions in accordance with the relevant Statement of Insolvency Practice (SIP 2), preparing reports / returns in accordance with the Company Directors' Disqualification Acts and the investigation of any potential antecedent transactions such as transactions at under value and preferences which may result in legal action resulting in a recoverable asset.

c) Realisation of assets

This includes dealing with all aspects of the realisation of assets including identifying, securing and insuring assets, and (where applicable), property, business and asset sales, retention of title claims and debt collection. Other matters dealt with during the case administration which will relate to asset realisation may commonly include effecting disclaimers, dealing with landlords, liaising with agents, undertaking inventories, meetings with purchasers / directors, arranging collection of leased assets, obtaining insurance, pursuing antecedent claims identified as part of the investigation work set out above. Details of the specific asset realisation work undertaken on this case are set out in the main body of the report. Asset realisation is considered to be a key aspect of the case administration.

d) Trading

Where the Company has continued trading following the Joint Liquidators' appointment our staff will have had to set up accounts with suppliers in order to trade on an ongoing basis. Payments to suppliers and general correspondence with these have been undertaken. Where trading has ceased, accounts will have been closed and final bills paid. Other matters will also have been dealt with in accordance with the usual trading obligations such as dealing with employees and payroll.

e) Creditors

Queries from and correspondence with creditors and employees have been necessary aspects of the case administration process. The preparation of the Joint Liquidators' proposals has been undertaken including the attendant aspects of providing and obtaining the required information, convening the creditors' meeting etc. A brief report on the outcome of the creditors' meeting and the report on the first six months of the administration period have both been prepared.

f) Case specific matters

Any case specific matters will generally be set out in the body of the report but will commonly include meetings, correspondence and telephone calls relating to specific issues in the case which do not fall into any of the categories set out above and are specific to the case in question. This may include work done in relation to litigation, general advice or other major issues.