

# LIQ03

## Notice of progress report in voluntary winding up



Companies House

For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 2 9 2 0 8 7 5

Company name in full Academy Steels Limited

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Liquidator's name

Full forename(s) Scott Christian

Surname Bevan

### 3 Liquidator's address

Building name/number 45 Church Street

Street Birmingham

Post town B3 2RT

County/Region

Postcode

Country

### 4 Liquidator's name ①

Full forename(s) Simon David

Surname Chandler

#### ① Other liquidator

Use this section to tell us about  
another liquidator.

### 5 Liquidator's address ②

Building name/number 45 Church Street

Street Birmingham

Post town B3 2RT

County/Region

Postcode

Country

#### ② Other liquidator

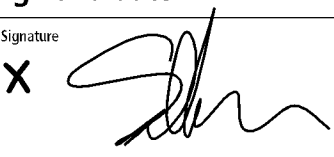
Use this section to tell us about  
another liquidator.

# LIQ03

## Notice of progress report in voluntary winding up

<b>6</b>	<b>Period of progress report</b>																
From date	<sup>d</sup>	1	<sup>d</sup>	9	<sup>m</sup>	0	<sup>m</sup>	8	<sup>y</sup>	2	<sup>y</sup>	0	<sup>y</sup>	1	<sup>y</sup>	9	
To date	<sup>d</sup>	1	<sup>d</sup>	8	<sup>m</sup>	0	<sup>m</sup>	8	<sup>y</sup>	2	<sup>y</sup>	0	<sup>y</sup>	2	<sup>y</sup>	0	

<b>7</b>	<b>Progress report</b>															
	<input checked="" type="checkbox"/> The progress report is attached															

<b>8</b>	<b>Sign and date</b>																
Liquidator's signature	<div>Signature</div> <div>  </div>																
Signature date	<sup>d</sup>	1	<sup>d</sup>	6	<sup>m</sup>	1	<sup>m</sup>	0	<sup>y</sup>	2	<sup>y</sup>	0	<sup>y</sup>	2	<sup>y</sup>	0	

**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Callum Kiernan**

Company name **Mazars LLP**

Address **45 Church Street**

**Birmingham**

Post town **B3 2RT**

County/Region

Postcode

Country

DX

Telephone **0121 232 9500**

**Checklist**

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

**All information on this form will appear on the public record.**

**Where to send**

**You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:**

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.

**Further information**

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

**Academy Steels Limited**  
**(In Liquidation)**  
**Joint Liquidators' Summary of Receipts & Payments**

Statement of Affairs £		From 19/08/2019 To 18/08/2020 £	From 19/08/2019 To 18/08/2020 £
	<b>SECURED ASSETS</b>		
64,313.00	Debtor Ledger	NIL	NIL
(62,346.00)	HSBC IF Cross Guarantee Funds	NIL	NIL
		NIL	NIL
	<b>SECURED CREDITORS</b>		
(1,967.00)	HSBC IF	NIL	NIL
		NIL	NIL
	<b>ASSET REALISATIONS</b>		
	Bank Interest Gross	21.93	21.93
18,848.00	Cash at Bank	NIL	NIL
NIL	Intercompany Loan - HS Pitt & Co Limite	NIL	NIL
60,000.00	Plant & Equipment	69,998.00	69,998.00
Uncertain	Stock	NIL	NIL
		70,019.93	70,019.93
	<b>COST OF REALISATIONS</b>		
	Accountants Fees	750.00	750.00
	Agents/Valuers Disbursements	4,722.50	4,722.50
	Agents/Valuers Fees	5,109.17	5,109.17
	Asset Storage Costs	4,000.00	4,000.00
	Liquidator's Fees	24,000.00	24,000.00
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	Pre Appointment Fees	4,894.00	4,894.00
	Preparation of S. of A.	1,500.00	1,500.00
		(45,325.67)	(45,325.67)
	<b>PREFERENTIAL CREDITORS</b>		
(3,073.29)	Employees Holiday Pay	NIL	NIL
(3,953.11)	Employees Wage Arrears	NIL	NIL
		NIL	NIL
	<b>FLOATING CHARGE CREDITORS</b>		
(54,457.28)	HSBC IF under Cross Guarantee	NIL	NIL
		NIL	NIL
	<b>UNSECURED CREDITORS</b>		
(65,597.37)	Employees	NIL	NIL
(17,321.00)	HMRC re Corporation Tax	NIL	NIL
(14,631.00)	HMRC re PAYE & NI	NIL	NIL
(17,853.00)	HMRC re VAT	NIL	NIL
(97,849.00)	Intercompany Loan - Boswell & Co.	NIL	NIL
(58,282.00)	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
	<b>DISTRIBUTIONS</b>		
(100.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(254,269.05)		24,694.26	24,694.26
	<b>REPRESENTED BY</b>		
	Floating Charge Current		15,629.13
	Vat Control Account float		2,856.33
	Vat Receivable		6,208.80
			24,694.26



## Academy Steels Limited - In Liquidation

Liquidators' progress report covering the period from 19 August 2019 to 18 August 2020

### Contents

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## Academy Steels Limited - In Liquidation (“the Company”)

### Progress Report to Creditors & Members

#### 1. Introduction

- 1.1. This report is prepared pursuant to Rules 18.3 and 18.7 of the Insolvency (England and Wales) Rules 2016, the purpose of which is to provide creditors with details of the progress of the Liquidation during the 12 months to 18 August 2020.
- 1.2. I was appointed as Joint Liquidator of the Company, together with Simon Chandler, by a decision of the creditors on 19 August 2019. We are authorised to act as Insolvency Practitioners in the UK by the Insolvency Practitioners Association.
- 1.3. Identification details relating to the Company and the Liquidators are attached at Appendix A.

#### 2. Liquidators' Receipts and Payments

- 2.1. A summary of receipts and payments covering the period from 19 August 2019 to 18 August 2020 is attached at Appendix B. A comparison of the figures provided in the Directors' Statement of Affairs to actual realisations made to date is included to assist creditors in assessing progress to date.
- 2.2. The Receipts and Payments Account confirms that there is currently a balance in hand of £15,629.13 and VAT receivable of £9,065.13.
- 2.3. An explanation of the assets realised and the expenses paid is provided below.

#### 3. Asset Realisations and Details of Progress

##### **Connected Party Transactions:**

- 3.1. In accordance with Statement of Insolvency Practice 13, I would advise you that there have been no transactions with connected parties.

##### **Unconnected Party Transactions:**

- 3.2. Asset realisations made during the period covered by this report are detailed below.

- 3.3. **Debtor Ledger**

- 3.3.1. The Company's debtor ledger was subject to a factoring agreement with HSBC Invoice Finance (UK) Limited ("HSBC IF") which assigned all debts of the Company to HSBC IF.
- 3.3.2. The Company and two of its associated companies; H. S. Pitt & Co. Limited and Boswell & Co. (Steels) Limited ("the Associated Companies"), had entered into cross group guarantees with HSBC IF.
- 3.3.3. At the date of liquidation the debtor ledger amounted to £91,876. Mazars Receivables Management ("MRM"), an associate of Mazars LLP, were instructed to assist with the collection of the ledger directly with HSBC IF. An information barrier has been set up between MRM and the Liquidators and their staff.
- 3.3.4. HSBC IF have advised that the ledger has now been collected out, with HSBC IF being owed ~£950,000 under the cross guarantee. As at the date of this report the extent of the liability due to each company across the cross group guarantee is unknown.

#### **3.4. Cash at Bank**

- 3.4.1. The Company operated a bank account with HSBC Bank Plc ("HSBC").
- 3.4.2. The Statement of Affairs showed a balance of £55,383 in the Company's bank account, which was expected to realise £18,848 due to offset.
- 3.4.3. However, due to the cross group guarantee in place HSBC have used the credit balance to reduce their liability across the group debts. As such there are no funds available for the liquidation estate from the bank account.

#### **3.5. Plant & Equipment**

- 3.5.1. The Directors' Statement of Affairs listed plant and equipment owned by the Company which had an estimated to realise value of £60,000.
- 3.5.2. Following our appointment we instructed Rajiv Kumar a RICS qualified valuer of Kumar & Company Limited ("Kumar & Co") to market these assets. They were subsequently sold at auction in October 2019 for the sum of £69,998 plus VAT. This amount has been received in full.

#### **3.6. Bank Interest**

- 3.6.1. Bank interest of £21.93 has been earned during the period.

### **4. Assets still to be realised**

- 4.1. Assets still to be realised comprise:

#### **4.2. Subrogated claim**

- 4.2.1. As previously detailed in this report the Associated Companies had entered into a cross group guarantee supported by fixed and floating charges to HSBC.



- 4.2.2. HSBC utilised the cash balances of the Company to offset against its debt under the cross group guarantee. HSBC's indebtedness was extinguished by the sale of the freehold property in the case of H. S. Pitt & Co. Limited – in Administration ("HS Pitt"), as such there may be a subrogated claim against HS Pitt.
- 4.2.3. Advice has been sought from solicitors, Irwin Mitchell, in relation to the possibility of the Company having a subrogated claim against HS Pitt due to the contribution the Company made against HSBC's indebtedness against HS Pitt. Irwin Mitchell have advised that the surplus held from the sale of the freehold property is subject to subrogated claims by the Company which rank as fixed charge claims under HSBC's Debenture dated 21 October 2014 and will be payable to the Company in proportion to the claim it has.
- 4.2.4. The amount referred to in the Estimated Outcome Statement is the current forecast from HS Pitt, however, as this case is still ongoing this amount is subject to change.

#### 4.3. **Stock**

- 4.3.1. As detailed in the Statement of Affairs, the Company owned stock which had a book value of £10,000. However, the realisable value was uncertain, due to some of it being subject to Retention of Title claims and its condition.
- 4.3.2. Kumar & Co advised that it would not be commercially viable to market the remaining stock due to its condition. Consequently, there have been no realisations from the stock for the liquidation estate.

#### 4.4. **Intercompany Loan**

- 4.4.1. The Directors' Statement of Affairs detailed a loan from H.S. Pitt & Co Limited ("Pitt") in the sum of £214,612. However, Pitt entered into Administration on 9 August 2019 and it is anticipated that there will be insufficient funds available to enable a distribution to unsecured creditors.

### 5. **Estimated Outcome Statement**

- 5.1. An estimate of the outcome of the Liquidation is attached at Appendix C.
- 5.2. Assuming that realisations and expenses are as anticipated, it is expected that the secured creditor will suffer a shortfall under its security.
- 5.3. As indicated in the Estimated Outcome Statement, assuming that realisations and expenses are as anticipated, it is expected that preferential creditors will receive a dividend in full.

Based on expected realisations and payments, it is expected that there will be sufficient funds to enable a return to unsecured creditors by way of the prescribed part, as detailed in Section 7 of the report. Based on claims received to date, it is anticipated that the return to creditors via the prescribed part will be 3.9p in the £.

- 5.4. 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 has granted the following charges:

Chargeholders	Type of Charge	Date Created	Date Registered
HSBC Bank Plc	Legal Assignment	26/04/2017	27/04/2017
HSBC Bank Plc	General Pledge	07/04/2017	10/04/2017
HSBC Invoice Finance (UK) Ltd	Fixed & Floating charges	31/01/2017	31/01/2017
HSBC Bank Plc	Debenture	04/04/2001	19/04/2001

6.1.2. HSBCIF have advised that the liability due to them under the cross guarantee amounts to an estimated £950,000. We have not yet received confirmation of the amount due for the Company.

6.1.3. Assuming that realisations and expenses are as anticipated it is likely that HSBCIF will suffer a significant shortfall under its security. This position is highlighted in the Estimated Outcome Statement included at Appendix C.

### 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 Liquidation.

6.2.2. The Company employed five employees who were made redundant prior to the liquidation.

6.2.3. Preferential claims are estimated to be in the region £6,736. Employees have submitted claims with the Redundancy Payments Service ("RPS") for these entitlements up to the statutory limit of £525 per week. The RPS will have a subrogated preferential claim in the Liquidation and any amounts owing to employees in excess of the statutory limits will be claimed in the Liquidation.

6.2.4. As indicated in the Estimated Outcome Statement included at Appendix C, assuming that realisations and expenses are as anticipated, it is likely that preferential creditors will be paid in full.

### 6.3. Unsecured Creditors

6.3.1. According to the directors' Statement of Affairs, the Company had 11 unsecured creditors with debts totalling £205,936. Claims received to date total £35,740.89 from three creditors.

6.3.2. Creditors will note from the Estimated Outcome Statement included at Appendix C, assuming that realisations and expenses are as anticipated, the only return to creditors will be in

accordance with the prescribed part (as detailed in the section below). Please be aware, this estimate is subject to change and the final outcome will be determined once all asset realisations have been received and creditor claims have been adjudicated on.

## **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.

As the Company granted a floating charge to HSBCIF on 31 January 2017, a prescribed part fund will apply in this matter. The Company's net property is estimated to be £38,321 and the prescribed part will therefore be in the region of £10,664. Please be aware, this estimate is subject to change and the final outcome will be determined once all asset realisations have been received and creditor claims have been adjudicated on.

## **8. Investigations**

- 8.1. In accordance with the Company Directors Disqualification Act 1986, the Joint Liquidators are required to investigate the affairs of the Company and the conduct of the directors during the three years prior to the Liquidation. The Joint Liquidators can confirm that this obligation has been complied with and a confidential report was submitted to the Insolvency Service on 15 November 2019.
- 8.2. An initial investigation into the Company's affairs has also been undertaken by the Liquidators in accordance with Statement of Insolvency Practice 2. The purpose of these investigations is to establish whether there are any potential asset recoveries or conduct which requires further investigation.
- 8.3. Following this initial review no further assets or actions were identified which would lead to a recovery for creditors.
- 8.4. Should creditors have any information which they consider may assist the Liquidators in carrying out their investigations, or be aware of any matters which they believe should be brought to the attention of the Liquidators, 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. Liquidators' Remuneration

- 9.1. On 28 April 2020, a decision was made by the creditors following a decision procedure by a decision by correspondence, enabling the Liquidators to draw remuneration by reference to the time properly spent by the Liquidators and their staff in dealing with the matters arising during the Liquidation, subject to the Fees Estimate of £38,920.50, issued to creditors on 6 April 2020.
- 9.2. Attached at Appendix E1 is a comparison of the Liquidators' Fees Estimate to actual time costs for the period from 19 August 2019 to 18 August 2020, which totals £25,340.50, representing 112.50 hours at an average hourly rate of £225.25.
- 9.3. Attached at Appendix E2 is a narrative summary of the Liquidators' 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.
- 9.4. As at 18 August 2020, an amount of £24,000 has been drawn against the Liquidators' time costs in respect of the Liquidation.
- 9.5. Based on the current level of time costs and expected future work for the completion of the Liquidation, it is expected that the Liquidators' total time costs will exceed the approved Fees Estimate of £38,920.50. However, at this stage, the Liquidators do not propose to seek approval for any amounts in excess of the Fees Estimate.
- 9.6. Details of the future work anticipated to be carried out by the Joint Liquidators includes:
- Realisation of remaining assets as detailed in Section 4 of the report.
  - Adjudication of preferential claims and the payment of a dividend.
  - Adjudication of claims and payment of prescribed part dividend to creditors.
  - Reporting and statutory and compliance functions.
  - Tax and VAT compliance, including preparing tax computations and returns in respect of the Liquidation period and seeking final tax clearance prior to closure.
- 9.7. As indicated in the EOS attached at Appendix C, it is estimated that this future work will cost approximately £13,580, plus VAT.
- 9.8. Routine administration of the liquidation has been dealt with by junior staff wherever possible in order to maximise the cost effectiveness of the work performed. These staff have been supervised by senior staff and the Joint Liquidators. Any matter of particular complexity or significance that has required responsibility of an exceptional kind has also been dealt with by senior staff and the Joint Liquidators.
- 9.9. 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.

- 9.10. The charge out rates of the team members employed on the assignment during the period covered by this report are attached at Appendix E4.

## 10. Liquidators' Disbursements

- 10.1. 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 directly to independent third parties) and Category 2 (costs incurred by the Joint Liquidators or the firm that can be allocated to the case on a proper and reasonable basis).
- 10.2. Category 2 disbursements require approval in the same manner as remuneration and creditors will recall that a resolution was passed on 28 April 2020 by unsecured creditors in agreement of the anticipated Category 2 disbursements of the Joint Liquidators.
- 10.3. Further details of the rates agreed are provided within the Rates and Disbursements policy.
- 10.4. Details of the disbursements incurred in the period and whether they constitute Category 1 or Category 2 disbursements, are provided below. Details of the disbursements paid during the period is provided within the attached receipts and payments account.

Type of Disbursement	Description	Amount incurred in period (£)
<u>Category 1</u>		
Specific bond	It is a legal requirement that I take out a specific bond in respect of the value of the assets. On the basis of the value of the assets, the bond paid to JLT Specialty Limited was £24.76	24.76
Insurance	The assets of the Company were insured under the Insolvency Scheme with JLT Specialty Limited. The amount incurred in the period represents the premium for the period 9 August 2019 to 24 October 2019.	439.57
Statutory advertising	Costs are paid to Courts Advertising for statutory advertising requirements including London Gazette advertisements for notice of the appointment.	174.96
Pension	Costs have been paid to Clumber Consultancy Limited in respect of the winding up of the company's pension scheme.	350.00

Travel expenses (Train)	This expense represents the costs of travelling in respect of the Joint Liquidator and his staff to the company's trading premises.	7.30
Total Category 1		996.59
<u>Category 2</u>		
Mileage	This expense represents the costs of travelling in respect of the Joint Liquidator and his staff to the company's trading premises.	9.47
Total Category 2		9.47
Total		1,006.06

## 11. Expenses

- 11.1. 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.
- 11.2. Further details of expenses paid during the period of the report are shown in the receipts and payments account at Appendix B.
- 11.3. I have reviewed the expenses incurred to date and I am satisfied that they are reasonable in the circumstances of the case.
- 11.4. Outstanding matters that are preventing the conclusion of the liquidation include :
- Realisation of remaining assets as detailed in Section 4 of the report.
  - Adjudication of preferential claims and the payment of a dividend.
  - Adjudication of claims and payment of prescribed part dividend to creditors.
  - Tax and VAT compliance, including preparing tax computations and returns in respect of the Liquidation period and seeking final tax clearance prior to closure.

## 12. Creditors' Rights

### 12.1. Further information

- 12.1.1. I would advise you that, pursuant to Rule 18.9 of the Insolvency (England and Wales) Rules 2016, 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 Liquidators for further information about the remuneration and expenses set out in this progress report.

## 12.2. Apply to Court

12.2.1. Additionally, pursuant to Rule 18.34 of the Insolvency (England and Wales) Rules 2016, 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:

- a. That the remuneration charged by the Liquidators, or
- b. That the basis fixed for the Liquidators' remuneration, or
- c. That the expenses incurred by the Liquidators,  
is, in all of the circumstances, excessive or inappropriate.

## 12.3. Further guidance

12.3.1. In accordance with Statement of Insolvency Practice 9, creditors can find additional information on their rights relating to Liquidators' fees in a copy of the publication "A creditors guide to Liquidators' fees" which is available to download from the website: <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29114/page/1/guide-to-liquidators-fees/> or, alternatively, will be provided free of charge upon written request to this office.

12.3.2. For further general information regarding a creditor's role throughout an insolvency process, creditors are reminded that they can also visit <http://www.creditorinsolvencyguide.co.uk>.



S C Bevan  
Joint Liquidator

Dated 16 October 2020

Authorised to act as an insolvency practitioner in the UK by the Insolvency Practitioners Association and bound by the Insolvency Code of Ethics. Where personal data is required to be processed, this will be dealt with in accordance with the Mazars LLP Insolvency Services Privacy Statement which can be accessed at: [www.mazars.co.uk/Legal-and-privacy](http://www.mazars.co.uk/Legal-and-privacy).

## Academy Steels Limited - In Liquidation

### Identification Details

#### Details relating to the Company

<b>Company name</b>	<b>Academy Steels Limited</b>
<b>Previous names</b>	N/A
<b>Trading name</b>	N/A
<b>Company number</b>	02920875
<b>Registered office</b>	c/o Mazars LLP, 45 Church Street, Birmingham, B3 2RT
<b>Trading address</b>	New Works, Park Lane, Halesowen, B63 2QP

#### Details relating to the Liquidators

<b>Date of appointment</b>	19 August 2019
<b>Liquidators</b>	S C Bevan and S D Chandler
	IP No(s) 009614 and 008822
<b>Liquidators' address</b>	Mazars LLP, 45 Church Street, Birmingham, B3 2RT
<b>Liquidators' contact telephone number</b>	0121 232 9500



**Academy Steels Limited**  
**Joint Liquidators' Summary of Receipts & Payments**

Appendix B

Statement of Affairs £		From 19/08/2019 To 18/08/2020 £	From 19/08/2019 To 18/08/2020 £
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(14,631.00)	HMRC re PAYE & NI	NIL	NIL
(17,853.00)	HMRC re VAT	NIL	NIL
(97,849.00)	Intercompany Loan - Boswell & Co.	NIL	NIL
(58,282.00)	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
	<b>DISTRIBUTIONS</b>		
(100.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(254,269.05)		24,694.26	24,694.26
	<b>REPRESENTED BY</b>		
	Floating Charge Current		15,629.13
	Vat Control Account float		2,856.33
	Vat Receivable		6,208.80
			24,694.26

## ESTIMATED OUTCOME STATEMENT

<b>Assets</b>	<b>SOA ETR</b>	<b>To-date</b>	<b>Future</b>	<b>Total</b>
<b>Fixed Charge Assets</b>				
Book debts	64,313	Nil	Nil	Nil
<i>Less amount due to HSBC Invoice Finance</i>	<i>1,967</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
				<u>Nil</u>
<b>Floating Charge Assets</b>				
Cash at Bank	18,848	Nil	Nil	Nil
Intercompany Loan - H.S. Pitt & Co. Limited	Nil	Nil	Uncertain	Uncertain
Plant & Equipment	60,000	69,998	Nil	69,998
Subrogated Claim: H.S. Pitt & Co. Limited	Nil	Nil	39,014	39,014
Stock	Uncertain	Nil	Nil	Nil
Bank Interest		22	Uncertain	Uncertain
		<u>70,020</u>	<u>39,014</u>	<u>109,012</u>
<b>Less Costs of Realisations</b>				
Liquidators' Fees		(25,341)	(13,580)	(38,920)
Liquidators' Disbursements		Nil	(1,006)	(1,006)
Liquidators' Pre-Appointment Fee		(4,913)	Nil	(4,913)
Pre-Appointment Accountant's Fees		(1,500)	Nil	(1,500)
Accountant's Fees		(750)	Nil	(750)
Legal Fees		Nil	(1,000)	(1,000)
Agent's Fees		(5,109)	Nil	(5,109)
Agent's Disbursements		(4,723)	Nil	(4,723)
Pension Agent Fees		(350)	(1,525)	(1,875)
Storage and Site Costs		(4,000)	Nil	(4,000)
Books & Records Storage		Nil	(160)	(160)
Corporation Tax		Uncertain	Uncertain	Uncertain
<b>Amount available to preferential creditors</b>				<u>45,057</u>
<b>Preferential Creditors</b>				
Employees' Wages and Holiday Pay				(6,736)
<b>Estimated deficiency/surplus as regards preferential creditors</b>				<u>38,321</u>

<b>Debts secured by floating charges pre 15 September 2003</b>	Nil
<b>Estimated prescribed part of net property (c/f)</b>	<u>(10,664)</u>
<b>Estimated total assets available for floating charge holders</b>	27,656
<b>Debts secured by floating charges post 14 September 2003</b>	
HSBC Invoice Finance - see note 1	(316,667)
<b>Estimated deficiency/surplus of assets after floating charges</b>	<u><u>(289,011)</u></u>
<b>Amount available to unsecured creditors</b>	
Estimated prescribed part of net property (b/d)	10,664
<b>Unsecured Creditors' claims</b>	
Trade & Expense Creditors	(58,282)
Boswell & Co. (Steels) Limited	(97,849)
HM Revenue & Customs	(49,805)
Arrears of Wages, Redundancy & Notice pay	(65,597)
<b>Deficit to Unsecured Creditors</b>	<u><u>(260,869)</u></u>
<b>Return to unsecured creditors (p in the £)</b>	3.9

#### **Notes**

- 1 HSBC IF are owed ~£950,000 across three connected companies due to their cross group guarantee. As such a third of that debt has been estimated for the purposes of this EOS.

**EXPENSE ESTIMATE**

Estimated expenses as shown in the attached Estimated Outcome Statement are detailed below, together with an explanation as to why those expenses are required:

Type of Expenditure	Requirement for Expenditure	Original Expense Estimate £	Incurred to date £	Likely future estimate £	Revised Expense Estimate £
<b>Professional advisors' costs</b>  The officeholder's choice of the professional advisors listed below 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.					
Legal fees and disbursements	Irwin Mitchell have been instructed to assist with the subrogated claims.  Irwin Mitchell were chosen based on their experience in insolvency matters, their fees are agreed on a time cost basis.	1,000.00	Nil	1,000.00	1,000.00
Agent's fees and disbursements	Kumar & Company were instructed to provide a valuation and assist with the sale of the tangible assets.  Kumar & Company have been instructed because of their experience in providing such valuations and services in an insolvency scenario. There fees have been agreed on a time cost basis.	9,832.00	9,832.00	Nil	9,832.00
Accountancy fees	Wilkes Trantor were instructed to assist with the preparation of the P45s.	750.00	750.00	Nil	750.00
Pre-appointment costs	Wilkes Trantor were also instructed to assist with the preparation of the Statement of Affairs.  Their fees have been agreed on a fixed fee basis	1,500.00	1,500.00	Nil	1,500.00
Pension Agents Fees	Clumber Consultancy were instructed to assist with the winding up of the pension scheme.  Clumber Consultancy were instructed because of their experience in providing such services in	2,025.00	350.00	1,525.00	1,875.00

	an insolvency scenario. Their fees have been agreed on a fixed fee basis.				
<b>Other expenses</b>					
Storage and site costs	Costs were paid to H.S. Pitt & Co. Limited, an associated company, for storage of the Company's assets whilst being marketed and sold.	4,000.00	4,000.00	Nil	4,000.00
Books and records storage	Costs paid to L & R Storage for storing the Company's books and records as required by statute.	160.00	3.00	157.00	160.00
Corporation tax	It is likely that corporation tax will be payable in respect of the interest accrued whilst surplus funds are held on an interest-bearing deposit account.	Uncertain	Uncertain	Uncertain	Uncertain
Liquidators' pre-appointment costs (fees and disbursements)	This amount represents the reasonable and necessary expenses in respect of the preparation of the statement of affairs and in respect of the decision procedure and deemed consent procedure to seek a decision from the Company's creditors on the formation of a committee and the nomination of the liquidator, respectively.	4,913.00	4,913.00	Nil	4,913.00
Joint Liquidators' remuneration	To project manage the orderly winding up of the Company's affairs, and to perform those tasks required as dictated by statute, best practice and ethical requirements.	38,920.50	25,341.00	13,579.50	38,920.50
Joint Liquidators' disbursements	Disbursements are expenses paid by this firm in the first instance and subsequently re-charged to the estate when there are sufficient funds. Further information on disbursements is provided within Section 8 of the report.	1,056.06	1,006.06	Nil	1,006.06
<b>Total</b>		<b>64,156.56</b>	<b>47,695.06</b>	<b>16,261.50</b>	<b>63,956.56</b>

**LIQUIDATORS' ANALYSIS OF TIME COSTS  
AND COMPARISON TO FEES ESTIMATE**

The Liquidators' total Fees Estimate as approved by creditors on 28 April 2020 was £38,920.50

As detailed in Section 9 of the report, total costs incurred to date are £25,340.50.

The following table provides details of the Liquidators' actual time costs incurred in the current reporting period, 19 August 2019 to 18 August 2019, compared to the estimated costs as per the Fees Estimate.

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 work undertaken by the Joint Liquidators 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.

Description of Work	Fees Estimate Approved on 28 April 2020			Actual time costs for the period 19 August 2019 to 18 August 2019		
	Total Time (hours)	Total Costs (£)	Blended Hourly Rate (£)	Time incurred (hours)	Total Costs (£)	Blended Hourly Rate (£)
Admin & Planning	17.0	4,770.00	280.59	14.1	3,772.50	267.55
Taxation	10.0	2,625.00	262.50	2.6	518.00	199.23
Investigations	13.6	2,905.50	213.64	14.3	3,053.50	213.53
Realisation of Assets	18.0	5,260.00	292.22	13.3	3,903.00	293.46
Employees	7.0	1,365.00	195.00	8.3	1,628.00	196.14
Creditors	14.0	3,500.00	250.00	9.9	2,310.50	233.38
Reporting	34.0	8,420.00	247.65	27.1	5,709.00	210.66
Distributions	7.0	1,945.00	277.86	Nil	Nil	Nil
Cashiering	15.0	4,040.00	269.33	9.4	1,776.50	188.99
Statutory compliance	18.0	4,090.00	227.22	13.5	2,669.50	197.74
Totals	153.6	38,920.50	253.39	112.5	25,340.50	225.25

## NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT LIQUIDATORS' FOR THE PERIOD 19 AUGUST 2019 TO 18 AUGUST 2020

<p><b>Introduction</b></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 Liquidators' 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><b>Work carried out in the current period</b></p> <p><u>Administration and planning</u></p> <p>The Liquidators have undertaken the following work:</p> <ul style="list-style-type: none"> <li>• Filing</li> <li>• Case acceptance and ethical reviews.</li> <li>• Completing case strategy notes.</li> <li>• Holding strategy meetings.</li> <li>• Planning calls with Agent.</li> <li>• Managing and maintaining the case on the Firm's client systems and our specialist insolvency software system.</li> </ul> <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"> <li>• Notifying HM Revenue &amp; Customs ("HMRC") of my appointment and establishing whether they have any outstanding claims or ongoing investigations. Such enquires will assist with my own investigations.</li> <li>• 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.</li> <li>• Preparing post-appointment VAT returns, as required by statute.</li> </ul> <p>The majority of this work derived no financial benefit for creditors, however, it is required in accordance with tax legislation.</p>
<p><u>Investigations</u></p> <p>Further details of the investigation required to be carried out is provided within Section 8 of the report.</p> <p>A summary of the work undertaken to date is as follows:</p> <ul style="list-style-type: none"> <li>• On site review of the Company's books and records and in particular, the bank statements to identify any potential transactions that were outside the ordinary course of business.</li> <li>• Liaising with Agent re electronic data uplift.</li> <li>• Correspondence with directors regarding the reasons for the Company's failure.</li> <li>• Review of creditor questionnaires and investigation into any matters notified.</li> <li>• Reporting to the Insolvency Service on the Directors' conduct.</li> </ul>

<p>The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure compliance with statutory duties.</p>
<p><b>Realisation of Assets</b></p> <p>The work undertaken in respect of the realisation of the Company's assets is detailed in Section 3 of the report.</p> <p>The Liquidators have undertaken the following work:</p> <ul style="list-style-type: none"> <li>• Obtaining a professional valuation of the Company's assets to ensure the most appropriate offer is accepted and liaising with the agents in respect of their views as to the offers received.</li> <li>• Liaising with Agent regarding the Company's trading premises.</li> <li>• Calls with interested parties.</li> <li>• Liaising with insurance provider regarding assets and site visit.</li> <li>• Disclaiming interest in lease.</li> <li>• Negotiations with interested parties and agreeing sale of assets.</li> <li>• Arranging insurance cover over assets and ensuring their security.</li> <li>• Reviewing and obtaining any potential refunds on insurance policies paid up to a future period by the Company.</li> </ul> <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><b>Employees</b></p> <p>The Company employed five employees. Further information regarding employees' claims is included within Section 6 of the report. It is 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"> <li>• Dealing with any queries employees may have in respect of their claims.</li> <li>• Submission of RP14 and RP14A to the Redundancy Payments Service ("RPS").</li> <li>• Investigating the potential claims in respect of unpaid pension contributions.</li> <li>• Liaising with pension agent regarding the closure of the Company's pension scheme.</li> <li>• Completing and issuing S.120 notices.</li> </ul> <p>The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors. However, it is expected that a dividend will be paid to preferential creditors and in this regard, the work involved in assessing and adjudicating employee claims does have a financial benefit to employees.</p>
<p><b>Creditors</b></p> <p>There are approximately 15 unsecured creditor claims. In order to ensure that creditors are dealt with appropriately, the following work has been undertaken:</p> <ul style="list-style-type: none"> <li>• Responding to enquiries from creditors and dealing with any correspondence.</li> <li>• Logging creditors' claims.</li> <li>• Seeking approval from creditors in respect of a decision procedure.</li> <li>• Emailing the RPS for their claim.</li> <li>• Reviewing preferential claims received.</li> <li>• Updating secured creditor on outcome of case.</li> </ul> <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><b>Reporting</b></p> <p>Reporting requirements during the period as prescribed by statute have included the following:</p> <ul style="list-style-type: none"> <li>• Drafting a fee request to creditors, with an update on the progress of the Liquidation.</li> </ul>



- Drafting Estimated Outcome Statements linking all three associated companies in order to establish forecasted outcomes.

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:

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

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

#### Statutory and Compliance

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

- Preparation and lodgement of statutory appointment documents.
- Initial notices following appointment.
- Case monitoring and statutory compliance, including internal case reviews.
- Case bordereau.
- Internal case reviews.
- Reviewing diary lines on IPS.

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.

### ORIGINAL FEES ESTIMATE

My total Fees Estimate as at 6 April 2020 to conclude this matter is £38,920.50. I have provided below a breakdown of how these costs will be split between the different functions my staff and I are likely to perform on this case.

Description of Work	Total Time (hours)	Total Costs (£)	Blended Hourly Rate (£)
Administration & Planning	17.0	4,770.00	280.59
Taxation	10.0	2,625.00	262.50
Investigations	13.6	2,905.50	213.64
Realisation of Assets	18.0	5,260.00	292.22
Employees	7.0	1,365.00	195.00
Creditors	14.0	3,500.00	250.00
Reporting	34.0	8,420.00	247.65
Distributions	7.0	1,945.00	277.86
Cashiering	15.0	4,040.00	269.33
Statutory & Compliance	18.0	4,090.00	227.22
<b>Total</b>	<b>153.6</b>	<b>38,920.50</b>	<b>253.39</b>

Attached to this Fees Estimate is a detailed summary of the work anticipated, together with an explanation as to why the various tasks are required.

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

Not all of the work which I am required to perform will provide a direct financial benefit to creditors. Some of the work to be undertaken is required because statute dictates that I must perform this task, or because guidance issued by the Insolvency Service or my regulatory body requires such. However, a large proportion of the work will be dealing with securing and realising assets, with a view to maximising the funds available to creditors.

On this case, assuming realisations are as anticipated in the attached Estimated Outcome Statement, the above work is likely to provide a financial benefit to preferential creditors who would receive payment in full and also unsecured creditors, who would receive a dividend via the prescribed part of 0.4p in the £ depending on realisations.

#### Exceeding the Fees Estimate

The Fees Estimate has been based on previous examples of cases of a similar size and complexity to this case, together with our current knowledge of the case and the work which we anticipate will be necessary.

The above estimate also assumes that this case will remain open for two years. This assumption has been made due to the length of time we anticipate for the finalisation of the cross guarantee with HSBC Bank. In the event that further work is required in respect of the above and/or the case extends beyond the estimated timeframe, it is likely that the Fees Estimate will be exceeded, at which point it will be necessary to seek further approval for an increase.

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## RATES AND DISBURSEMENTS POLICY

### Charge-out rates

Details of the current charge-out rates of the personnel working on this case are set out below:

	Partner	Director	Manager	Administrator	Cashier	Support staff
Range (£)	440 - 550	390 - 450	245 - 400	160 - 230	100 - 205	90 - 140

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 a case. 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, (Tax and VAT) may charge a number of hours if and when their expert advice is required. The rate ranges 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 2 categories as follows:

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.

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 Appointment taker(s) 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 Inland Revenue rates, currently 45p per mile.

All other disbursements are to be reimbursed at cost.

The Appointment taker(s) reserve the right to increase the charges applicable to mileage and photocopying during the course of the case in line with inflation or increases from our suppliers. Any material amendments will be advised to creditors in the next statutory report.