

The Insolvency Act 1986

Administrator's progress report

Name of Company ERH Construction Limited	Company number 07896567
In the High Court of Justice, Chancery Division, Bristol District Registry (full name of court)	Court case number 602 of 2014

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

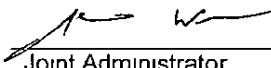
We (a)
Nigel Morrison
Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

Alistair Wardell
Grant Thornton UK LLP
11/13 Penhill Road
Cardiff
South Glamorgan
CF11 9UP

administrators of the above company attach a progress report for the period

From (b) 4 May 2015	To (b) 24 September 2015
------------------------	-----------------------------

Signed


Joint Administrator

Dated

1/10/15

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

Nigel Morrison Grant Thornton UK LLP Hartwell House 55-61 Victoria Street Bristol BS1 6FT	
DX Number	0117 305 7600 DX Exchange



When you have completed and signed this form, please send it to the Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

Our Ref NZM/PAM/KLM/JET/E00495/

To the creditors

1 October 2015

Dear Sirs

Recovery and Reorganisation

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester M3 3EB

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www.grantthornton.co.uk

**ERH Construction Limited (Construction) and E.R.Hemmings
(Building) Limited (Building) (together the Companies) – Both in
Administration
High Court of Justice, Chancery Division, Bristol District Registry
No 602 and 661 of 2014**

1 Introduction

1.1 Following my appointment as joint administrator of the Companies with Nigel Morrison by the Companies on 4 November 2014, we are now in a position to conclude the administration. This is our final progress report, including

- Appendix A, accounts of our receipts and payments for the period ended 24 September 2015 in accordance with Rule 2.47 of the Insolvency Rules 1986
- Appendix B, statements of the remuneration charged by the joint administrators in the period 4 November 2014 to 24 September 2015 and statements of expenses incurred in the period
- Appendix C, an analysis of our time costs as required by Statement of Insolvency Practice 9 (SIP 9)
- Appendix D, an extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the administrator (Rule 2.48A)
- Appendix E, an extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the administrator's remuneration and expenses, if excessive (Rule 2.109)

1.2 In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them

2 Statutory information

2.1 The Companies' statutory details are as follows

Company	Registered number	Registered office
ERH Construction Limited	07896567	c/o Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB
E R Hemmings (Building) Limited	02429840	c/o Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB

Chartered Accountants

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3 Report and outcome of the administrations

Summary of administrators' proposals dated 24 January 2014

3 1 The objective of an administration is

- to rescue the company as a going concern
- to achieve a better result for the company's creditors as a whole than would be likely if the company were wound up
- if neither of these are reasonably practicable, to realise the property in order to make a distribution to one of more secured or preferential creditors

3 2 In these administrations, the rescue of the companies as a going concern was not an appropriate strategy because the Companies had already ceased to trade before we were appointed as the administrators

3 3 The administrators have pursued the objective of achieving a better result for the Companies' creditors as a whole than would be likely if the Companies were wound up

Creditors meeting on 8 January 2015

3 4 The administrators' proposals were sent to creditors on 19 December 2014 and a meeting was conducted by correspondence in accordance with paragraph 58 of Schedule B1 to the Insolvency Act 1986 on 8 January 2015

3 5 The proposals were approved, the joint administrators' remuneration on a time cost basis was approved and pre-appointment costs to rank as an expense in the administration was approved

3 6 A creditors' committee was not formed

Realisation of assets

3 7 Since our previous report, the directors submitted statements of affairs for the Companies. For estimated to realise values and more details of our realisations, please see the information in our receipts and payments account covering the period to 24 September 2015, attached in Appendix B

Trade debtors/Work in Progress (WIP)

3 8 We instructed quantity surveyors, Craigdam Services Limited (Craigdam) to assist us in the collection of book debts and WIP

3 9 Construction book debts totalling approximately £694,000 and WIP totalling approximately £98,000 were outstanding at the date of our appointment. To date, £281,198 has been recovered. Craigdam estimates a further £70,000 to be recoverable which would bring our total recovery to c£351,000

- 3 10 Building book debts totalling approximately £763,000 and WIP totalling approximately £449,000 were outstanding at the date of our appointment. To date, £190,445 has been recovered. Craigdam estimates a further £30,000 to be recoverable which would bring the total recovery to c£220,000.
- 3 11 Book debts and WIP realisations have exceeded Craigdam's initial estimates and the directors' statement of affairs estimates. There is a shortfall in realisations compared with the figures outstanding at our appointment largely due to
- incomplete works which would not have been profitable to complete
 - over estimates on prior applications
 - outstanding remedial works
 - disputes with customers
 - counterclaims by customers

Cash at Bank

- 3 12 The amounts recovered in cash from the Companies' bank accounts are £268,618 for Construction and £3,038 for Building.

Intercompany position

- 3 13 Following the consolidation of the Group bank accounts, Building and Construction were both owed amounts by the other group companies. The recoverability of these debts is very complex due to counter claims, set offs and other legal issues. We are seeking direction from Counsel regarding the recoverability of these debts.
- 3 14 As mentioned in our proposals, in the weeks leading up to the appointment certain contracts were novated by Construction to another group company, ERH Communications Limited (Communications), for no consideration.
- 3 15 We are currently in negotiations with Communications and hope to conclude a settlement shortly, however such settlement is also linked to the complex position in paragraph 3 13.

Liabilities

Secured creditors

- 3 16 The Royal Bank of Scotland plc (RBS) has a fixed and floating charge over the assets of the Companies created on 5 October 2012. At the date of our appointment however, RBS had no lending to the Companies.

Preferential creditors

- 3 17 The only known preferential creditors are the former employees of Construction who were made redundant on or since 16 October 2014. Preferential claims are subject to a maximum limit set by the insolvency legislation.
- 3 18 Preferential claims total £30,179 and will be paid in full.
- 3 19 There are no known preferential creditors in Building as all staff were employed by other group companies.

Unsecured creditors

- 3 20 From the statements of affairs prepared by the directors, the unsecured creditors at the date of our appointment were

Construction unsecured creditors	£
Subcontractors	2,958,813
Trade and Expense Creditors	227,233
HMRC – VAT	229,211
HMRC – PAYE/NI	55,404
Total	3,470,661

Building unsecured creditors	£
Subcontractors	49,638
Trade and Expense Creditors	179,641
HMRC – VAT	229,211
HMRC – PAYE/NI	85,763
Intercompany – ERH Construction Limited	2,861,076
Intercompany – ERH Holdings Limited	207,960
Total	3,613,289

- 3 21 Based on current estimates and anticipated future realisations, we anticipate a dividend to creditors of 2 to 5 pence in the pound for Building and up to 15 pence in the pound for Construction
- 3 22 The estimated dividend for Building has decreased since our previous report as the unsecured creditor figure in the statement of affairs is higher than the estimates we were initially provided with

4 Conversion to liquidation

- 4 1 As disclosed in the administrators' proposals, it was proposed that the administrations would end by the Companies going into creditors' voluntary liquidations and the administrators in office at that date being appointed as joint liquidators
- 4 2 On 24 September 2015, I filed Form 2 34B – notice of move from administration to creditors' voluntary liquidation at the Registrar of Companies. The administrations ended and I was appointed as joint liquidator of both Companies with Nigel Morrison

5 Joint administrators' remuneration and expenses

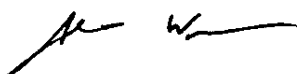
- 5 1 On 8 January 2015, the creditors resolved that we draw our remuneration by reference to our time costs and our pre-administration costs unpaid at the date of appointment can be ranked as an expense in the administrations
- 5 2 Pre-appointment time costs of c£69,000 have been written off as they were considered to be not wholly relating to the appointment process

- 5 3 Pre-administration costs of £5,766 for Building and £17,298 for Construction were paid during this period. The pre-administration costs are in respect of assisting management in the preparation of placing the Companies into administration.
- 5 4 You will note from the SIP 9 tables attached at Appendix C that our time costs to date for the administrations are £67,692 for Building and £140,900 for Construction. You will also note from the receipts and payments accounts attached at Appendix A that we have drawn £25,000 for Building and £100,000 for Construction. Time costs of £40,900 for Building and £42,692 for Construction were incurred in the period but not drawn as remuneration to date are disclosed in Appendix B. In addition, we have drawn expenses of £3,285 for Construction and £394 for Building as indicated in Appendix A and have further expenses to take in due course, as set out in Appendix B.
- 5 5 Background information regarding the fees of administrators can be found at www.insolvency-practitioners.org.uk (navigate via 'Regulation and Guidance' to 'Creditors Guides to Fees'). Alternatively, we will supply this information by post on request. Time is charged in units of 6 minutes.

6 Other expenses incurred by the joint administrators

- 6 1 Appendix B shows statements of the remuneration charged by the joint administrators in the period 4 November 2014 to 24 September 2015 and statements of expenses incurred in the period.
- 6 2 Temple Bright LLP has been engaged by Construction to provide legal advice on the negotiations with Communications. Temple Bright LLP has been paid £4,000 during this period and further costs of £1,900 have been incurred and not yet paid.
- 6 3 As mentioned in paragraph 3.1, Craigdam has assisted with collecting book debts and WIP. Construction has paid Craigdam £60,055 and Building has paid Craigdam £31,232 during the period to 24 September 2015.
- 6 4 Smith & Williamson assisted the directors prepare their statement of affairs which incurred costs during the period of £3,000 for Building and £5,000 for Construction. Smith & Williamson also completed the tax computations for the Group which incurred costs of £800 for both Building and Construction.

Yours faithfully
for and on behalf of the Companies



Alistair Wardell
Former Joint Administrator

Enc

ERH Construction Limited - in administration
 Summary of receipts and payments
 from 4 November 2014 to 24 September 2015

	Statement of Affairs £	From 04/11/2014 to 03/05/2015 £	From 04/05/2015 to 24/09/2015 £	Total £
Receipts				
WIP	18,157 00	19,167 54	0 00	19,167 54
Book Debts	213,606 00	212,392 44	49,638 03	262,030 47
Cash at Bank	269,000 00	268,617 65	0 00	268,617 65
Vat on Sales		3,833 51	4,907 61	8,741 12
		504,011 14	54,545 64	558,556 78
Payments				
Preparation of S of A		0 00	5,000 00	5,000 00
Administrators Fees		0 00	117,297 81	117,297 81
Administrators Expenses		0 00	3,285 32	3,285 32
Quantity Surveyors Fees		7,500 00	60,054 66	67,554 66
Legal Fees (1)		7,819 00	4,000 00	11,819 00
Professional Fees		0 00	800 00	800 00
Statutory Advertising		84 60	0 00	84 60
Bank Charges		22 12	0 00	22 12
Vat on Purchases		3,069 42	37,756 46	40,825 88
		18,495.14	228,194.25	246,689.39
Net Receipts/(Payments)		485,516 00	(173,648 61)	311,867 39
Made up as follows				
Floating Current Account NIB		485,516 00	(173,648 61)	311,867 39
		485,516 00	(173,648 61)	311,867 39

E.R.Hemmings (Building) Limited - in administration
 Summary of receipts and payments
 from 4 November 2014 to 24 September 2015

	Statement of Affairs £	From 04/11/2014 to 03/05/2015 £	From 04/05/2015 to 24/09/2015 £	Total £
Receipts				
WIP	12,927 00	12,926 19	13,501 68	26,427 87
Book Debts	148,770 00	148,769 14	15,248 04	164,017 18
Cash at Bank	3,038 00	3,037 65	0 00	3,037 65
Misc Refunds		634 91	0 00	634 91
Vat on Sales		2,585 24	3,887 95	6,473 19
		167,953 13	32,637 67	200,590 80
Payments				
Preparation of S of A		0 00	3,000 00	3,000 00
Administrators Fees		0 00	30,765 94	30,765 94
Administrators Expenses		0 00	393 56	393 56
Quantity Surveyors Fees		7,500 00	31,231 81	38,731 81
Legal Fees (1)		4,644 00	0 00	4,644 00
Professional Fees		0 00	800 00	800 00
Statutory Advertising		84 60	0 00	84 60
Bank Charges		696 63	0 00	696 63
Vat on Purchases		2,434 42	13,217 96	15,652 38
		15,359.65	79,409 27	94,768 92
Net Receipts/(Payments)		152,593 48	(46,771 60)	105,821 88
Made up as follows				
Floating Current Account NIB		152,593 48	(46,771 60)	105,821 88
		152,593 48	(46,771 60)	105,821 88

B Remuneration charged and expenses incurred by the administrators in the period

ERH Construction Limited

	Paid to 4/5/2015 £	Paid in period of report £	Charged/ accrued in period but not yet paid £	Total £
Joint administrators' fees				
Pre-administration time costs	0	17,298	0	17,298
Administration time costs	0	100,000	40,900	140,900
Administration expenses	0	3,285	0	3,285
Professional fees				
Craigdam Services Limited	7,500	60,055	0	67,555
Smith & Williamson – tax computations	0	800	0	800
Smith & Williamson – preparation of Statement of Affairs	0	5,000	0	5,000
Legal fees				
Temple Bright LLP	7,819	4,000	1,900	13,719
	<u>15,319</u>	<u>190,438</u>	<u>42,800</u>	<u>248,557</u>

	Paid to 4/5/2015 £	Paid in period of report £	Charged/ accrued in period but not yet paid £	Total £
E R.Hemmings (Building) Limited				
Joint administrators' fees				
Pre-administration time costs	0	5,766	0	5,766
Administration time costs	0	25,000	40,210	65,210
Administration expenses	0	394	0	394
Professional fees.				
Craigdam Services Limited	7,500	31,232	0	38,732
Smith & Williamson – tax computations	0	800	0	800
Smith & Williamson – preparation of Statement of Affairs	0	3,000	0	3,000
Legal fees:				
Temple Bright LLP	4,644	0	0	4,644
	<u>12,144</u>	<u>66,192</u>	<u>40,210</u>	<u>118,546</u>

C SIP 9 information

Introduction

The following information is provided in connection with the administrators' remuneration and disbursements in accordance with SIP 9

Explanation of Grant Thornton UK LLP charging and disbursement recovery policies

Time costs

All partners and staff are charged out at hourly rates appropriate to their grade, as shown on the attached schedule. Details of the hourly charge-out rates are made available to creditors or committees at the time of fixing the basis of our fees. Support staff (ie secretaries, cashiers and filing clerks) are charged to the case for the time they work on it.

	£ per hour
Partner	495-615
Director	410-515
Senior Manager	430-470
Manager	290-400
Other Senior Professional	240-305
Administrator	160-230

Disbursements

Out of pocket expenses are charged at cost and mileage is charged at standard rates. VAT is added to disbursement charges as necessary.

ERH Construction Limited - E30200495 - SIP 9 TIME COST ANALYSIS

Transaction period All transactions

	Partner		Manager		Executive		Administrator		Total		
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Avg Hly Rate
Administration and Planning	9 80	4,851 00	67 40	25 042 00	64 66	15 501 15	95 20	13,144 75	237 06	58 538 90	246 94
Creditors			14 20	5 386 00	9 47	2,118 60	50 60	7,464 00	74 27	14,968 60	201 54
Hiatus period											
Investigations			12 00	4,494 00	50	145 00	17 00	2 720 00	29 50	7 359 00	249 46
Realisation of Assets Trading			144 85	58,825 50			8 30	1,208 00	153 15	60,033 50	391 99
Total	9 80	4,851 00	238 45	93,747 50	74 63	17,764 75	171 10	24,536 75	493 98	140,900 00	285 23

Total fees billed to date (Time) : £ 100,000

E R Hemmings (Building) Limited - in Administ - E30200494 - SIP 9 TIME COST

Transaction period All transactions

	Partner		Manager		Executive		Administrator		Total	
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£
Administration and Planning	4 00	1,980 00	47 25	17,740 00	57 44	13,723 90	78 10	10,985 00	186 79	44,429 90
Creditors			2 30	759 00	80	204 50	28 00	3,640 00	31 10	4 603 50
Hiatus period										
Investigations			2 80	958 00			1 00	160 00	3 80	1,118 00
Realisation of Assets			37 50	15,325 00			19 15	2 216 00	56 65	17,541 00
Trading										
Total	4 00	1,980 00	89 85	34,782 00	58 24	13,928 40	126 25	17,002 00	278 34	67,692 40

Total fees billed to date (Time) £ 25,000

D An extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the administrator

Rule 2 48A

- (1) If
 - (a) within 21 days of receipt of a progress report under Rule 2 47 -
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)
- (2) The administrator complies with this paragraph by either -
 - (a) providing all of the information asked for, or
 - (b) so far as the administrator considers that
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information,giving reasons for not providing all of the information
- (3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of -
 - (a) the giving by the administrator of reasons for not providing all of the information asked for, or
 - (b) the expiry of the 14 days provided for in paragraph (1),and the court may make such order as it thinks just
- (4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just

E An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the administrator's remuneration or expenses if excessive

Rule 2 109

- (1) 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 the court for one or more of the orders in paragraph (4)
- (1A) Application may be made on the grounds that -
 - (a) the remuneration charged by the administrator,
 - (b) the basis fixed for the administrator's remuneration under Rule 2 106, or
 - (c) expenses incurred by the administrator,is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders -
 - (a) an order reducing the amount of remuneration which the administrator was entitled to charge
 - (b) an order fixing the basis of remuneration at a reduced rate or amount
 - (c) an order changing the basis of remuneration
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration
 - (e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specifyand may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration

The Insolvency Act 1986

Administrator's progress report

Name of Company

ERH Construction Limited

Company number

07896567

In the
High Court of Justice, Chancery Division,
Bristol District Registry

(full name of court)

Court case number
602 of 2014(a) Insert full
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address(es) of
administrator(s)We (a)
Nigel Morrison
Grant Thornton UK LLP
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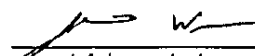
To

(b) Insert date

(b) 4 May 2015

(b) 24 September 2015

Signed


Joint Administrator

Dated

1/10/15

The Insolvency Act 1986

Administrator's progress report

Name of Company E R Hemmings (Building) Limited	Company number 02429840
In the High Court of Justice, Chancery Division, Bristol District Registry (full name of court)	Court case number 661 of 2014

(a) Insert full
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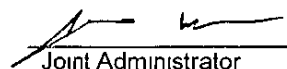
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