

AM10 (Scot)

Notice of administrator's progress report



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number S C 2 9 5 8 2 3

Company name in full CMS Enviro Systems Ltd.

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Lyn

Surname Vardy

3 Administrator's address

Building name/number Suite 3 Regency House

Street 91 Western Road

Post town Brighton

County/Region

Postcode B N 1 2 N W

Country

4 Administrator's name ①

Full forename(s) Jonathan

Surname Marston

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Suite 3 Regency House

Street 91 Western Road

Post town Brighton

County/Region

Postcode B N 1 2 N W

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10 (Scot)

Notice of administrator's progress report

6 Period of progress report

From date	^d 0	^d 5	^m 1	^m 1	^y 2	^y 0	^y 2	^y 2
To date	^d 0	^d 4	^m 0	^m 5	^y 2	^y 0	^y 2	^y 3

7 Progress report

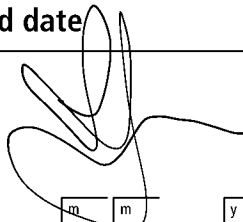
☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date	^d 1	^d 8	^m 0	^m 5	^y 2	^y 0	^y 2	^y 3
----------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------

AM10 (Scot)

Notice of administrator's progress report



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 Lucy Norfolk

Company name Alvarez & Marsal Europe LLP

Address Suite 3 Regency House

91 Western Road

Post town Brighton

County/Region

Postcode B N 1 2 N W

Country

DX

Telephone +44 (0) 20 7715 5200



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,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email 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

CMS ENVIRO SYSTEMS LTD. – IN ADMINISTRATION

Joint Administrators' second progress report

For the period from 5 November 2022 to 4 May 2023

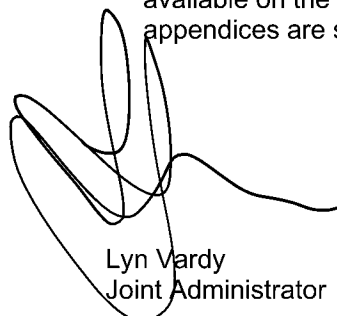
18 May 2023

Contents

1	Executive summary	3
2	Strategy and progress of the administration to date.....	4
2.1	Strategy	4
2.2	Asset realisations	4
2.3	Expenses.....	5
3	Dividend prospects and dividends paid	7
3.1	Secured creditors	7
3.2	Preferential creditors	7
3.3	Unsecured creditors	8
4	Other matters	9
4.1	Decision procedure	9
5	Joint Administrators' remuneration and outlays	10
5.1	Joint Administrators' remuneration, outlays and category 2 expenses.....	10
6	Future strategy	13
6.1	Future conduct of the administration.....	13
6.2	Extension of the administration	13
6.3	Discharge from liability	13
6.4	Future reporting.....	13
	Appendix 1 – Statutory information	14
	Appendix 2 – Receipts and payments account.....	15
	Appendix 3 – Creditors' rights	17
	Appendix 4 – Charging policy	18
	Appendix 5 – Glossary	25
	Appendix 6 – Notice: About this progress report.....	26

1 Executive summary

- Lyn Vardy and Jonny Marston (“we”/”us”/”our”) of Alvarez & Marsal Europe LLP (“A&M”) were appointed as Joint Administrators of CMS Enviro Systems Ltd. (the “Company”) on 5 May 2022. The Directors resolved on 19 April 2022 to appoint us as Joint Administrators. The notice of appointment was lodged at the Court of Session at 15.00 on 5 May 2022. On that date the Company was placed into administration and our appointment as Joint Administrators became effective.
- This progress report covers the accounting period from 5 November 2022 to 4 May 2023 (the “Accounting Period”).
- As reported in our proposals on 17 June 2022, we did not consider it feasible to trade the Company in administration, so a sale of the Company’s assets on a break-up basis was pursued (Section 2 – Strategy and progress of the administration to date).
- We have realised £6,948 in respect of the Company’s receivables which are assigned to Clydesdale Bank Plc (“the Bank”) (the “Assigned Receivables”) and £21,606 in respect of retentions during the Accounting Period (Section 2- Strategy and progress of the administration to date).
- The likely outcome for the Secured Creditors (i.e. the Bank and Maven Capital Partners UK LLP (“Maven Capital”)) is uncertain. Final distributions will be dependent on the realisation of the receivables (Section 3 – Dividend prospects and dividends paid).
- There will be insufficient funds to enable a dividend to either preferential or unsecured creditors (Section 3 – Dividend prospects and dividends paid).
- During the Accounting Period, the relevant creditors granted a 12 month extension to the period of the administration to facilitate the continued collection of the Company’s receivables and to conclude the Company’s VAT and tax affairs (Section 6 – Future strategy).
- The administration is now due to end on 4 May 2024.
- Please note you should read this progress report in conjunction with our previous progress report and proposals which were issued to the Company’s creditors and are available on the Portal. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Lyn Vardy
Joint Administrator

2 Strategy and progress of the administration to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our proposals and previous progress report.

2.1 Strategy

Realisations remain ongoing in respect of the Assigned Receivables and retentions.

The strategy of the administration has not materially changed since our previous reports.

2.1.1 Leasehold properties

Since our appointment, we have offered formal surrender of the leasehold properties with the respective landlords and have confirmed with them that we have not been in occupation as part of the administration.

In addition to the leasehold properties previously reported, we have since been made aware of an additional site at Lennoxton, Glasgow, G66 7LL which the respective landlord claimed the Company may still have been a lessee of. We have offered formal surrender of this site and confirmed with the landlord that we have not been in occupation as part of the administration.

2.1.2 Receivables, finished goods and WIP

As previously reported, the Company's receivables are made up of contractual debts, including retentions and invoiced sales. The Company's receivables (excluding retentions) are assigned to the Bank (i.e. Assigned Receivables) and are not available to the general body of creditors. The Company's receivables are complex due to their contractual nature.

Leslie Keats ("LK") has remained engaged to support us in realising these assets. As at the date of this report, LK has realised £859,477 of Assigned Receivables and £94,923 of retentions. Of these amounts, £125,063 of Assigned Receivables and £12,500 of retentions have been received by the Bank directly. The retention amount of £12,500 was incorrectly paid directly to the Bank by the customer. We will deal with this as part of our next reconciliation with the Bank and will provide an update in our next progress report.

Further realisations are anticipated as LK continues to pursue collections.

As previously reported, based on advice received from Addleshaw Goddard LLP ("Addleshaw"), we have continued to treat retentions payable to the Company as subject to the floating charge. The Bank has previously indicated that it will take further legal advice on this point.

2.2 Asset realisations

Realisations during the Accounting Period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the Accounting Period are provided below.

2.2.1 Assigned Receivables

With the assistance of LK, we have realised £6,948 of Assigned Receivables during the Accounting Period. Further realisations are anticipated as LK continues to pursue the collections.

2.2.2 Retentions

With the assistance of LK, we have collected £21,606 of retentions during the Accounting Period. Further realisations are anticipated as LK continues to pursue the collections.

2.2.3 Sundry refunds

We have received a refund of £9,296 from Fuel Card Services in respect of overpayments made by the Company prior to the administration.

2.2.4 Bank interest

During the Accounting Period we have received interest on realisations of £16,441. Of this amount, £13,362 related to fixed charge assets and £3,079 related to floating charge assets.

2.2.5 Investigations

We have reviewed the affairs of the Company to establish if there are any actions which can be taken against third parties to increase recoveries for creditors. No causes of action have been identified that could give rise to a return to creditors.

We have complied with the relevant statutory requirements by submitting the online director conduct assessment to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential.

2.3 Expenses

2.3.1 Payments

Payments made in the Accounting Period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made during the Accounting Period are provided below.

2.3.2 Pre administration agents' fees and disbursements

Pre administration fees and expenses of £10,419 have been paid to Hilco Appraisal Limited ("Hilco"), relating to plant and machinery ("P&M") valuations and advice. This amount related to floating charge costs.

2.3.3 Post appointment agents' fees

During the Accounting Period, agents' fees of £51,501 have been paid to Hilco in respect of valuations and advice on the sale of P&M, advice on lease premiums, supervision on the collection of goods and site clearance at Castlecary. Of this amount, £37,193 related to fixed charge costs and £14,308 related to floating charge costs.

We have also paid Avison Young's fees of £57,058 in relation to the marketing and sales costs of the Company's freehold property. This amount related to fixed charge costs.

During the Accounting Period, agents' fees of £4,683 have been paid to LK in respect of surveying services and valuations of and assistance in the collection of the Assigned

Receivables and retentions. Of this amount, £695 related to fixed charge costs and £3,988 related to floating charge costs.

2.3.4 Heat, light and water

We have paid £1,330 to Scottish Power and £884 to Business Stream in respect of utilities at the Company's freehold property that have accrued in the period from our appointment to the completion of its sale.

2.3.5 Rates

We have paid £24,795 to Lanarkshire Council in respect of business rates in respect of the property at Castlecary.

2.3.6 Post appointment legal fees and disbursements

We have paid legal fees and disbursements of £10,003 to Addleshaw in the Accounting Period, which relates to their costs of providing a review of the Company's security position and investigating the validity of the administration appointment.

2.3.7 Contractor costs

Contractor costs of £2,750 have been paid in the Accounting Period to Evolve IS Limited in respect of its investigations into the Company's pre-administration pension arrangements and its submission of the pensions claim to the Redundancy Payments Service.

2.3.8 Return of administration funding

During the Accounting Period a total of £110,000 administration funding has been returned to the Bank. Of this amount £60,000 related to fixed and £50,000 related to floating.

3 Dividend prospects and dividends paid

3.1 Secured creditors

As previously reported, at the date of appointment, the Company had granted the following security:

Unsatisfied registered charges

Date of creation of charge	Date of registration of charge	Details of charge	Name of charge holder
28 January 2022	2 February 2022	Charge: Fixed charge. Contains negative pledge.	Maven Capital
9 April 2021	16 April 2021	Charge: Fixed charge. Contains negative pledge.	The Bank
26 March 2019	1 April 2019	Charge: Floating charge. Contains negative pledge	The Bank
25 March 2019	29 March 2019	Charge: Floating charge. Contains negative pledge	Maven Capital

Source: Companies House search at the date of our appointment (05 May 2022)

The Company was part of a Group security structure which included cross guarantees between Group entities and an intercreditor agreement with the Secured Creditors. Please refer to our previous reports for further information.

Return to Secured Creditors

Based on the Company's balance sheet at 31 April 2022, Maven Capital and the Bank were owed £16.3m and £19.5m respectively at the date of the appointment. The level of return to Secured Creditors will be dependent on the outcome of the sale of the fixed assets and other realisations.

During the Accounting Period, we have distributed a total of £2,963,452 to the Secured Creditors related to fixed charge asset realisations. Of this amount, we have distributed £430,118 to Maven Capital from the Company's freehold property realisation, and £2,533,333 to the Bank. Of the amount distributed to the Bank, £554,770 related to the Assigned Receivables realisations, and £1,978,563 related to the Company's freehold property realisation.

It is clear that overall there will be a significant shortfall to Secured Creditors.

3.2 Preferential creditors

There are insufficient funds to enable a distribution to be made to either the ordinary or secondary preferential creditors. The current floating charge realisations (plus any future realisations) are expected to be utilised to pay the expenses of the administration and there will be no surplus funds available to pay preferential creditors.

3.3 Unsecured creditors

There are insufficient funds to enable a distribution to be made to unsecured creditors.

The current floating charge realisations (plus any future realisations) are expected to be utilised to pay the expenses of the administration and there will be no surplus funds available to creditors.

4 Other matters

4.1 Decision procedure

Notice of electronic voting is available on the Portal. This electronic voting is being used to seek approval for:

- our claim for remuneration and outlays in respect of the previous accounting period;
- our claim for remuneration and outlays in respect of this Accounting Period;
- the payment of category 2 expenses; and
- our accounts of our intromissions with the Company's assets for this Accounting Period.

Please note that where a creditors' committee is established, the votes cast by creditors in relation to the purposed decisions above will be disregarded.

Creditors' right to request a physical meeting

We will summon a physical meeting (1) if asked to do so by (a) creditors whose debts amount to at least 10% of the total debts of the company, or (b) 10% in number of creditors, or (c) 10 creditors, and (2) if one of the requisite thresholds is met within five business days of the date on which notice of the decision procedure was delivered.

5 Joint Administrators' remuneration and outlays

5.1 Joint Administrators' remuneration, outlays and category 2 expenses

5.1.1 Basis of remuneration and category 2 expenses

During the administration, the Company's creditors have provided approval that:

- our remuneration in relation to dealing with the realisation of the Company's freehold property will be a set monthly amount of £5,000 as agreed with the Secured Creditors;
- in relation to all other matters, our remuneration will be drawn by reference to the work reasonably undertaken by us and our staff in attending to matters arising in the administration, in accordance with our charging policy as set out in Appendix 4;
- category 2 expenses (as defined in SIP 9) will be paid as expense of the estate, including outlays and disbursements paid directly by A&M and charged in accordance with our charging policy as set out in Appendix 4;
- we may draw our claim for remuneration of £664,694 and outlays of £9,520 in respect of the first accounting period; and
- the unpaid pre-administration costs, as set out in Section 5.2 of our first progress report in the total sum of £66,712 plus VAT, are approved for payment as expenses of the administration.

We estimate that the total amount of remuneration to be paid from the estate is unlikely to exceed £664,694.

5.1.2 Remuneration and outlays incurred in the Accounting Period

Remuneration

In accordance with the combined basis of remuneration set out above, the total remuneration due to us for the Accounting Period is £146,419.25. This represents 358.60 hours at an average rate of £408.31 per hour.

A summary of our time costs incurred in the Accounting Period is included at Appendix 4, together with a detailed narrative of the work we have undertaken.

Outlays

We have incurred outlays of £2,248.33 in the Accounting Period, a summary of which is included at Appendix 4.

Approvals

We are seeking a determination from the Company's creditors in respect of our claim for floating charge remuneration and outlays for the Accounting Period as set out above.

See Section 4 for details of the decision procedure.

5.1.3 Remuneration and outlays incurred in the previous accounting period

Remuneration

A summary of our time costs of £740,780 incurred in the previous accounting period was included in our previous progress report, together with a detailed narrative of the work we undertook in that period. Approval to the payment of the costs associated with floating charge assets, dealing with the administration and the holding costs of the freehold property (£664,694) was obtained from creditors.

An additional £2,494 in time costs was incurred in the period covered by our previous progress report however was charged to the administration in the Accounting Period. These additional time costs were incurred in the review of the Company's tax and VAT position.

This has resulted in our brought forward time costs of £743,274 (in Appendix 4 to this report) being £2,494 higher than the £740,780 disclosed in our previous progress report.

We are now seeking creditors' approval to bill these additional time costs, in addition to the time costs incurred in the current Accounting Period.

Outlays

We incurred outlays of £9,520 in the previous accounting period, a summary of which was included in our previous progress report. Approval to the payment of these costs was obtained from creditors.

Due to a delay in the receipt of certain invoices, the disbursements incurred and disclosed in the previous accounting period were understated by £10.

We have therefore provided updated values in Appendix 4 to this report, that include these sums.

We are seeking creditors' approval to bill this additional amount, in addition to the outlays incurred in the current Accounting Period.

Approvals

We did not seek a determination for the additional remuneration and outlays incurred in the previous accounting period following the end of the previous accounting period, due to these costs being charged in the Accounting Period.

Therefore, we are now seeking a determination from creditors in respect of our additional claim for remuneration and outlays for the previous accounting period as set out above.

Should further approval be received now in respect of that accounting period, it will only be the balance of remuneration of £2,494 and outlays of £10 that remains to be drawn in respect of the previous accounting period.

See section 4 for details of the decision procedure.

Included in the £664,694 of remuneration approved in the previous accounting period was six months of property holding costs totalling £30,000. Of these, we billed £25,000 in the previous accounting period. We will be seeking to bill the remaining £5,000 in the next accounting period alongside any unbilled, approved amounts detailed above as and when funds allow.

5.1.4 Remuneration and outlays paid in the Accounting Period

During the Accounting Period, we have not drawn any remuneration or outlays.

5.1.5 Additional information

Time spent and charging policy

We have attached at Appendix 4 an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by Alvarez & Marsal Europe LLP for the period from our appointment to 4 May 2023. We have also attached our charging policy.

6 Future strategy

6.1 Future conduct of the administration

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

- realising the remaining WIP and receivables with the assistance of LK;
- concluding the Company's VAT and tax affairs (including tax clearance from HM Revenue & Customs ("HMRC"));
- adjudicating and paying a distribution to the Company's Secured Creditors; and
- once outstanding matters have been dealt with, concluding all closure related formalities, in order to bring the administration to a close.

6.2 Extension of the administration

The duration of the administration is restricted to 12 months from the date of commencement unless it is extended with the permission of the creditors or the Court.

During the Accounting Period we sought a 12 month extension to the administration from the Secured Creditors, along with the landlord of the Company's leasehold premises located at East Kilbride, Glasgow, G75 0PZ ("the EK Landlord"). It was necessary to also seek consent to the extension from the EK Landlord because we received legal advice that it was appropriate to treat this creditor as a secured creditor (for approval purposes only). This was due to its claim under hypothec laws, despite the fact that the hypothec claim was settled prior to the extension.

For the avoidance of doubt, please note that any other reference to Secured Creditors in this report includes only the two secured lenders (the Bank and Maven Capital), per the glossary at Appendix 5.

The Secured Creditors and the EK Landlord provided their consents to the extension of the administration, which is now due to end on 4 May 2024.

6.3 Discharge from liability

The Secured Creditors and the EK Landlord have granted approval that we be discharged from liability in respect of any actions as Joint Administrators upon filing of our final receipts and payments account with the Registrar of Companies.

6.4 Future reporting

We will provide a further progress report within six weeks of 4 November 2023 or earlier if the administration has been completed prior to that time.

Appendix 1 – Statutory information

Company information

Company name	CMS Enviro Systems Ltd. trading as CMS Windows
Date of incorporation	19 January 2006
Company registration number	SC295823
Present registered office	Alvarez & Marsal Europe LLP, Sutherland House, 149 St Vincent Street, Glasgow, G2 5NW

Administration information

Administration appointment	The administration appointment granted in the Court of Session, P339/22
Appointor	Directors
Date of appointment	5 May 2022
Joint Administrators	Lyn Vardy and Jonny Marston
Joint Administrators' contact details:	Address: Suite 3, Regency House, 91 Western Road, Brighton BN1 2NW Tel: 0207 070 0611 Email: INS-CMSEL@alvarezandmarsal.com
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	4 May 2024

Appendix 2 – Receipts and payments account

CMS Enviro Systems Ltd. (In Administration) Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 05/11/2022 To 04/05/2023 £	From 05/05/2022 To 04/05/2023 £
1,400,000.00		
	FIXED CHARGE ASSETS	
	Freehold Land & Property	NIL
	Assigned Receivables	
	Post Appointment VAT Charged	NIL
	Post Appointment VAT Not Charged	6,948.31
1,250,000.00	Book Debts	NIL
	Bank Interest	13,361.79
	Administration Funding	NIL
		20,310.10
	FIXED CHARGE COSTS	
	Administrators' Fees	
	Post-appointment Administrators' Fees	NIL
	Wages & Salaries	16,600.38
	Legal Fees/Disbursements	
	Post-appointment Legal Fees	NIL
	Post-appointment Legal Disbursements	NIL
	Agents/Valuers Fees/Disbursements	
	Post-appointment Agents/Valuers Fees	94,946.27
	Debt Collection Fees	NIL
	Rates	24,794.53
	Heat, Light & Water	2,214.17
	Other Property Expenses	NIL
	Bank Charges	27.40
	Repayment of Administration Funding	60,000.00
		(198,582.75)
	FIXED CHARGE CREDITORS	
	Fixed Charge Creditor	2,963,451.52
		(2,963,451.52)
	ASSET REALISATIONS	
	Administration Funding	NIL
1,500.00	Furniture & Equipment	NIL
	Insurance Refund	363.41
750.00	Motor Vehicles	NIL
139,000.00	Plant & Machinery	NIL
	Retentions	
	Post Appointment VAT Charged	7,605.89
	Post Appointment VAT Not Charged	14,000.00
10,000.00	Stock	
	Unassigned	NIL
	Post Appointment VAT charged	NIL
	Post Appointment VAT Not Charged	NIL
	VAT Refund (pre-appointment)	NIL
		21,969.30
	OTHER REALISATIONS	
	Bank Interest	3,079.48
78,161.00	Cash at Bank	NIL
	Sundry Refunds	9,295.89
		12,375.37
	COST OF REALISATIONS	
	Administrators' Disbursements	
	Post-appointment Administrators' Disbursements	NIL
	Administrators' Fees	
	Post-appointment Administrators' Fees	NIL
		8,713.41
		300,000.00

Statement of Affairs £	From 05/11/2022 To 04/05/2023 £	From 05/05/2022 To 04/05/2023 £
Agents/Valuers Fees/Disbursements		
Pre-administration Agents/Valuers F	9,500.00	9,500.00
Pre-administration Agents/Valuers Di	919.00	919.00
Post-appointment Agents/Valuers Fe	18,295.80	30,092.33
Bank Charges	20.80	157.00
Contractor Costs		
Post-appointment Contractor Costs	2,750.00	14,050.00
Legal Fees/Disbursements		
Post-appointment Legal Fees	10,000.00	48,488.10
Post-appointment Legal Disburseme	3.00	23.00
Other Property Expenses	NIL	2,285.00
Repayment of Administration Funding	50,000.00	50,000.00
Specific Bond	NIL	200.00
Stationery & Postage	NIL	114.97
Storage Costs	918.84	3,874.01
Wages & Salaries	(16,600.38)	2,958.41
	(75,807.06)	(471,375.23)
PREFERENTIAL CREDITORS		
(177,516.00) RPS - Arrears & Holiday Pay	NIL	NIL
	NIL	NIL
UNSECURED CREDITORS		
(915,563.00) Employees	NIL	NIL
(6,323,650.00) Trade & Expense Creditors	NIL	NIL
	NIL	NIL
(4,537,318.00)	(3,183,186.56)	220,247.55
REPRESENTED BY		
Fixed Charge Current		626,476.92
Fixed VAT Payable		(654,940.91)
Fixed VAT Receivable		57,140.57
Floating Charge Current		170,710.34
Floating VAT Payable		(62,751.33)
Floating VAT Receivable		83,611.96
		220,247.55

...

* Funds held in interest bearing current accounts.

** During the Accounting Period, wages & salaries totalling £16,600 were reallocated from floating costs to fixed costs because 85% of the total Wages & Salaries costs paid related to Fixed Charge assets.

Appendix 3 – Creditors' rights

Creditors' right to challenge our remuneration and expenses

If you wish to challenge our remuneration or outlays on the grounds that they are, in all the circumstances, excessive, you must do so by making an application to Court within eight weeks of the end of the Accounting Period.

Applications by creditors must be made with concurrence of at least 25% in value of creditors (including the creditor making the challenge).

The full text of the relevant rules can be provided on request by writing to Ruth Turner at Alvarez and Marsal Europe LLP, at Suite 3, Regency House, 91 Western Road, Brighton BN1 2NW.

Appendix 4 – Charging policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT and investigations by A&M in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Charge-out rates (£/hour) for: Restructuring

Grade	From 5 May 2022
Managing Director	765
Senior Director	710
Director	665
Associate Director	585
Senior Associate	495
Associate	370
Analyst	265
Support	195

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

A copy of "Administration: A Guide for Creditors on Insolvency Practitioner Fees (Scotland)" produced by the Association of Business Recovery Professionals is available via the Portal.

If you are unable to access this guide and would like a copy, please contact Ruth Turner at INS_CMSESL@alvarezandmarsal.com.

Policy for the recovery of disbursements

Where funds permit, the office holders will seek to recover outlays (disbursements) falling into both category 1 and category 2 expenses from the estate. For the avoidance of doubt, such disbursements are defined within SIP 9 as payments which are first met by the office holder, and then reimbursed to the office holder from the estate. These are divided in SIP 9 as follows:

- *Disbursements within category 1 expenses:* These are payments which do not have any element of shared costs and are made to persons who are not an associate of the office holder. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.
- *Disbursements within category 2 expenses:* These are payments to associates or which have an element of shared costs. These may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Disbursements within category 2 expenses charged by A&M include mileage at a rate of 45p per mile. When carrying an A&M passenger, no additional cost per passenger will be charged.

We have the authority to pay disbursements falling within category 1 expenses without the need for any prior approval from the creditors of the Company.

Disbursements falling within category 2 expenses are to be approved in the same manner as our remuneration.

Disbursements falling within category 1 expenses:

Nature of disbursement	Incurred in the previous period (£)	Incurred in the current period (£)	Amounts paid in the current period (£)
Air fares	1,091.33	-	-
Courier costs	430.02	-	-
Company searches	15.60	-	-
Hotels	3,459.88	-	-
Parking costs	41.66	-	-
Rail fares	144.75	-	-
Subsistence	970.44	-	-
Taxi fares	1,375.52	-	-
Change of reg office	103.60	-	-
Postage	909.58	1.58	-
Mail scanning	91.48	6.69	-
Relativity usage fees (investigations)	-	2,215.31	-
Total	8,633.86	2,223.58	-

** The total disbursements incurred and disclosed in the period covered by the previous report were understated by £10 due to a delay in the receipt of an invoice relating to mail scanning. We have therefore provided the updated values in this report. We are seeking creditors' approval to bill this further amount, in addition to the disbursements incurred in the Accounting Period.*

Disbursements falling within category 2 expenses:

Nature of disbursement	Incurred in the previous period (£)	Incurred in the current period (£)	Amounts paid in the current period (£)
Mileage costs	896.40	24.75	-
Total	896.40	24.75	-

Our time cost summary in accordance with SIP 9

Please refer to the tables below for a detailed breakdown and narrative of our time costs to 4 May 2023 in accordance with SIP 9.

Classification of work function	Total hours	Total time cost (£)	Average hourly rate (£)
Engagement control	73.05	28,506.00	390.23
Appointment and risk	6.80	2,132.00	313.53
Reports, decision making and remuneration	121.60	48,525.00	399.05
Correspondence and statutory filing	34.40	15,768.00	458.37
Investigations	11.40	5,662.50	496.71
Asset realisations	34.60	18,478.00	534.05
Costs of realisation	7.30	2,564.50	351.30
Tax	15.25	7,182.25	470.97
Cashiering	54.50	20,111.50	369.02
Employees and pensions	2.70	1,049.00	388.52
Claims and distributions	5.70	3,065.50	537.81
Exit routes and closure	15.70	9,384.00	597.71
Total	383.00	162,428.25	424.09
Brought forward time 5 May 2022 to 4 November 2022)	1,715.08	743,273.85	415.52
Carried forward time (5 May 2022 to 4 May 2023)	2,098.08	905,702.10	431.68

** A total of £2,493.75 in time costs was incurred in the previous accounting period however was charged to the administration in this Accounting Period. This has resulted in our brought forward time costs of £743,273.85 being £2,493.75 higher than the amount disclosed in our previous progress report. We are seeking creditors' approval to bill these amounts, in addition to the time costs incurred in the Accounting Period.*

*** The time costs in relation to asset realisations above include £3,451.00 for the costs of post completion matters following the sale of the freehold property, and £9,608.00 for the realisation of receivables. The time costs in relation to correspondence and statutory filing above includes £2,950.00 in relation to reporting to the Secured Creditors which relates solely to the assigned receivables. We are not seeking the approval of the Company's creditors in relation to the drawing of these categories of time costs, as separate bases have been approved for these workstreams.*

**** We are seeking approval from the creditors for time costs totalling £146,419.25 (358.60 hours) for the Accounting Period.*

SIP 9 narrative for the period from 5 November 2022 to 4 May 2023

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
Engagement control	<ul style="list-style-type: none"> Monitoring and reviewing the administration strategy largely in relation to Assigned Receivables and retentions Updating our staff on the administration strategy and matters in relation to various work-streams Regular case management and reviewing of process, including regular team update meetings and calls Reviewing and authorising junior staff correspondence and other work Dealing with queries arising during the appointment Reviewing matters affecting the outcome of the administration Allocating and managing staff/case resourcing and budgeting exercises and reviews Liaising with legal advisers Complying with internal filing and information recording practices, including documenting strategy decisions Preparing and maintaining Sederunt Book (formal record of procedure) 	<p>To ensure the administration progresses efficiently, keeping administration costs to a minimum</p> <p>To allow for regular review of administration strategy such that assets can be identified where available and realised to the benefit of the administration and its creditors</p>	Minimising the costs of the administration will maximise the funds available for distribution to creditors where available and realised for the benefit of the administration and its creditors
Appointment & risk	<ul style="list-style-type: none"> Reviewing bonding to ensure ongoing compliance with statutory requirements Reviewing ongoing insurance cover requirements for the Company's business and assets Liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place Assessing the level of insurance premiums 	To comply with statutory requirements and protect Company assets	None
Reports, decision making & remuneration	<ul style="list-style-type: none"> Preparing statutory receipts and payments accounts Drafting and publishing our progress reports Obtaining approval from the Secured Creditors and the EK Landlord for a 12 month extension of the administration Ensuring compliance with all statutory obligations within the relevant timescales 	To comply with statutory requirements and protect Company assets	None

SIP 9 narrative for the period from 5 November 2022 to 4 May 2023

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
	<ul style="list-style-type: none"> Preparing for the creditors' decision relating to the determination of our remuneration and outlays Reviewing time costs to date and producing analysis of time incurred which is compliant with SIP 9 Preparing and issuing notice to creditors of rights of appeal to remuneration and expenses approved 		
Correspondence & statutory filing	<ul style="list-style-type: none"> Uploading information to the Portal Providing periodic notices of our progress reports to the Registrar of Companies Providing written and oral updates to representatives of the Secured Creditors regarding the progress of the administration and case strategy Dealing with creditor queries 	To comply with statutory requirements and protect Company assets and ensure that creditors are advised of the progress of the administration	None
Investigations	<ul style="list-style-type: none"> Uploading Company records to Relativity for review Reviewing pre-appointment transactions and correspondence 	To comply with statutory requirements and pursue any potential asset recoveries for the estate	Maximising asset realisations may increase the dividend prospects for creditors
Asset realisations	<p>Fixed Charge Property</p> <ul style="list-style-type: none"> Overseeing final clearance of the site and handover formalities with the purchaser Finalising and settling property holding costs (business rates, utilities etc) <p>Assigned Receivables</p> <ul style="list-style-type: none"> Dealing with issues associated with the sale of finished goods and WIP Reviewing outstanding receivables and management of Assigned Receivables strategy and communicating with debtors Seeking legal advice in relation to Assigned Receivables collections Liaising with LK regarding Assigned Receivables recoveries Providing update reports to the Bank <p>Retentions</p> <ul style="list-style-type: none"> Dealing with issues associated with the retentions 	To realise the value of the Company's assets	Maximising asset realisations increases the dividend prospects for creditors

SIP 9 narrative for the period from 5 November 2022 to 4 May 2023

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
	<ul style="list-style-type: none"> Reviewing outstanding retentions and management of retentions strategy and communicating with debtors Seeking legal advice in relation to retentions Liaising with LK regarding retentions recoveries <p>Leasehold Properties</p> <ul style="list-style-type: none"> Offering formal surrender of the additional site at Lennoxton, Glasgow, G66 7LL and confirming with the landlord that we have not been in occupation as part of the administration Liaising with the EK Landlord in respect of its claim under hypothec laws 		
Costs of realisation	<ul style="list-style-type: none"> Liaising with third parties regarding costs incurred Reviewing costs incurred to ensure recorded accurately Arranging payment of the costs in a timely manner as and when funds allow 	To settle costs of third parties who have facilitated the realisation of the Company's assets and mitigation of the administration costs/liabilities	Realisation of assets and minimising the costs/liabilities may increase the dividend prospects for creditors
Tax	<ul style="list-style-type: none"> Analysing VAT related transactions Dealing with post appointment tax compliance Liaising with HMRC 	To comply with statutory requirements and ensure mitigation of the tax liabilities/expenses of the administration	Minimising costs/liabilities of the administration may increase the dividend prospects for creditors
Cashiering	<ul style="list-style-type: none"> Preparing and processing vouchers for the payment of post-appointment invoices Creating remittances and sending payments to settle post-appointment invoices Reconciling post-appointment bank accounts to internal systems Ensuring compliance with appropriate risk management procedures in respect of receipts and payments 	To effectively manage funds, receive asset realisations and discharge the costs of the administration	None
Employees & pensions	<ul style="list-style-type: none"> Collating information and reviewing the Company's pension schemes Liaising with agents regarding the calculation of employee pension contributions and review of pre-appointment unpaid contributions Reviewing and signing off forms RP15 and RP15a 	To comply with statutory requirements	Assistance to employees will enable them to recover the maximum claims in the circumstances

SIP 9 narrative for the period from 5 November 2022 to 4 May 2023

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
Claims & distributions	<ul style="list-style-type: none"> ▪ Reviewing and updating the list of unsecured creditors ▪ Reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records ▪ Responding to creditors regarding queries about the administration and their claims 	To comply with statutory requirements, ensure creditors are informed of progress and claims are agreed for dividend purposes (where appropriate)	Ensuring creditor records are kept up to date, to enable claims to be agreed at the correct value and funds distributed accurately to the relevant creditors if dividends become payable
Exit routes & closure	<ul style="list-style-type: none"> ▪ Dealing with all closure related formalities 	To comply with statutory requirements	No direct financial benefit

Appendix 5 – Glossary

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018 respectively.

Defined Terms	Definition
A&M	Alvarez & Marsal Europe LLP
Accounting Period/Second Accounting Period	5 November 2022 to 4 May 2023
Assigned Receivables	Debts which have been assigned to the Bank
Addleshaw	Addleshaw Goddard LLP
Bank	Clydesdale Bank Plc
CMS/Company	CMS Enviro Systems Ltd. – in administration
CVL	Creditors Voluntary Liquidation
East Kilbride	The Company's leasehold premises located at East Kilbride, Glasgow, G75 0PZ
EK Landlord	Landlord of the Company's leasehold premises located at East Kilbride, Glasgow, G75 0PZ
First Account Period	5 May 2022 to 4 November 2022
Group	The Company together with Allander Topco Limited, Allander Midco Limited, Allander Bidco Limited, and CMS Acquisition Company Limited
Hilco	Hilco Appraisal Limited
HMRC	HM Revenue & Customs
Joint Administrators/we/our/us	Lyn Vardy and Jonny Marston
LK	Leslie Keats
Maven Capital	Maven Capital Partners UK LLP
P&M	Plant and machinery
Portal	A secure online insolvency portal
Receivables	Invoiced book debts, contractual applications, certified payments and retentions
Secured Creditors	Clydesdale Bank Plc & Maven Capital Partners UK LLP
SIPs	Statements of insolvency practice
SIP 9	Payments to insolvency office holders and their associates from an estate
VAT	Value Added Tax
WIP	Work in Progress

Appendix 6 – Notice: About this progress report

This progress report has been prepared by Lyn Vardy and Jonathan Marston, the Joint Administrators of CMS Enviro Systems Ltd in administration (“the Company”), solely to comply with their statutory duty to report to creditors under the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the same group.

Any estimated outcomes for creditors included in this progress report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this progress report for any purpose or in any context other than under the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Lyn Vardy and Jonathan Marston are authorised to act as insolvency practitioners by The Institute of Chartered Accountants in England and Wales.

We are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agent for the Company without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Alvarez & Marsal Europe LLP does not assume any responsibility and will not accept any liability to any person in respect of this progress report or the conduct of the administration.