

AM10

Notice of administrator's progress report



Companies House

For further information, please



A19

A750V0AB

10/05/2018

#167

COMPANIES HOUSE

THURSDAY

1 Company details

Company number 0 0 4 1 5 5 9 2
Company name in full Owen Pugh & Company Limited

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Christopher J
Surname Petts

3 Administrator's address

Building name/number Rotterdam House
Street 116 Quayside
Post town Newcastle-Upon-Tyne
County/Region
Postcode N E 1 3 D Y
Country

4 Administrator's name ①

Full forename(s) David J
Surname Dunckley

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 30 Finsbury Square
Street
Post town London
County/Region
Postcode E C 2 P 2 Y U
Country

② Other administrator
Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	d	0	d	9	m	1	m	0	y	2	y	0	y	1	y	7
To date	d	0	d	8	m	0	m	4	y	2	y	0	y	1	y	8

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

d	0	d	4	m	0	m	5	y	2	y	0	y	1	y	8
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

AM10

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 **Natasha L McDowall**

Company name **Grant Thornton UK LLP**

Address **Rotterdam House**

116 Quayside

Post town **Newcastle-Upon-Tyne**

County/Region

Postcode **N E 1 3 D Y**

Country

DX

Telephone **Tel/Fax**



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 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

Our ref: CJP/ZLC/BLA/EZF/O30200413/7

To the creditors

Recovery and Reorganisation

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

T +44 (0)161 953 6900
F +44 (0)161 953 6317

4 May 2018

Dear Sirs

Owen Pugh & Company Limited - In Administration (the Company)
High Court of Justice, Business and Property Court No 895 of 2017

1 Introduction

- 1.1 Following my appointment as Joint Administrator of the Company, with David J Dunckley, by the directors on 9 October 2017, I now report on the progress of the Administration to 8 April 2018 and attach:
- Appendix A, an account of our receipts and payments for the period from 9 October 2017 to 8 April 2018
 - Appendix B, a statement of the remuneration charged by the Joint Administrators in the period 9 October 2017 to 8 April 2018 and a statement of expenses incurred in the period
 - Appendix C, an analysis of our time costs as required by Statement of Insolvency Practice 9
 - Appendix D, an extract from the Insolvency (England and Wales) Rules 2016 relating to creditors' rights to request additional information from the administrator (rule 18.9)
 - Appendix E, an extract from the Insolvency (England and Wales) Rules 2016 relating to creditors' rights to challenge the administrator's remuneration or expenses, if excessive (rule 18.34)
- 1.2 Please note that we are both authorised by the Insolvency Practitioners Association to act as insolvency practitioners. We are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.
- 1.3 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 Company's registered number is 00415592.

3 Pre-administration costs

- 3.1 Solicitor's costs incurred for the pre-Administration work in relation to the drafting of legal documents to place the Company into Administration amount to £2,539. I will be requesting approval for payment of these expenses from the secured and preferential creditors shortly.

- 3.2 My firm has not charged any of its time or expenses incurred in the period immediately prior to appointment and we are not seeking to recover these costs.

4 Progress report

- 4.1 As per the Administrators' proposals, a small number of employees were retained to assist the Joint Administrators in dealing with the repatriation of plant and machinery to the head office site for sale, assist with the collection of book debts and the vacation of the Company's premises.
- 4.2 Hilco Valuation Services Europe (Hilco) was instructed to realise the Company's plant and machinery assets, which were entered into an online auction, which ended on 28 November 2017.
- 4.3 There was significant interest in the auction, with over 600 lots across Owen Pugh Holdings Limited and its subsidiaries (the Group). The Company's assets subject to fixed charge security realised £782,250 and the assets subject to floating charge security realised £232,045. A payment of £611,782 has been made to HSBC Equipment Finance as holder of chattel mortgages over certain assets.
- 4.4 The Administrators reviewed the debtors ledger and supporting documentation in order to make an assessment as to which book debts were collectable. The Administrators then pursued the collection of outstanding amounts. £184,404 has been realised in respect of book debts. These are subject to a floating charge in favour of HSBC Bank plc (the Bank), as secured lender to the Group. The remainder of the book debts are not considered to be collectable.
- 4.5 In addition to plant and machinery and book debt realisations, £37,676 has been received in respect of vehicle licence refunds.
- 4.6 All assets have now been realised.
- 4.7 Following the sale of plant and machinery, the head office site was vacated on 21 December 2017 and the remaining employees were made redundant on this date.
- 4.8 The Company is currently subject to ongoing employment tribunal claims, including claims in respect of Protective Awards (PA). Should the tribunal award in favour of the employees, the Redundancy Payments Service will pay the statutory limit of the PA. The remaining balance of the PA is an unsecured claim against the Company. Unfortunately, other than a prescribed part distribution, there are insufficient funds in the Administration to enable payment to unsecured creditors, due to the level of secured debt.
- 4.9 The Administrators will be making a preferential distribution, a prescribed part distribution to the unsecured creditors and distributing funds to the Bank under its fixed and floating charges, following which the case will progress to closure. As per the Administrators' proposals, it is proposed that the Administration will end by the Administrators filing a notice to dissolve the Company. The Administrators anticipate that an extension of the Administration will be required, given the number of creditors that will participate in the prescribed part distribution.

5 Investigations into the affairs of the company

- 5.1 An initial investigation was undertaken into the affairs of the Company to establish whether there were any potential asset recoveries and to determine if there were any matters that required further investigation.
- 5.2 Based on the outcome of our investigations into the affairs of the Company to date there are no matters identified that need to be reported to the creditors.
- 5.3 Within three months of our appointment as Joint Administrators, we were required to submit a report to the Secretary of State to include matters which have come to our attention that may indicate the conduct of the directors (acting within the past three years) would make them unfit to act as a director in the future. I confirm that our reports have been duly submitted, the contents of which are confidential.
- 5.4 Should any creditors have any useful information concerning the Company and its conduct, the Joint Administrators would be pleased to hear from them.

6 Outcome for creditors

Secured creditors

- 6.1 As at the date of appointment the Bank was owed £5.66 million under its debenture and cross guarantee structure. This liability is due from each and every one of the Group companies.
- 6.2 It is anticipated that the Bank will suffer a shortfall in excess of £1.1 million.
- 6.3 Merino Industries Ltd (as security agent) is owed £1 million by each and all of the Group companies, secured by fixed and floating debentures. There will be no funds to enable a distribution to Merino Industries Ltd, whose security ranks behind that of the Bank.

Prescribed part - Unsecured creditors

- 6.4 In accordance with section 176A of the Insolvency Act 1986, a prescribed part is to be set aside from the floating charge assets and made available to the unsecured creditors of the Company. The prescribed part calculation is applied to the net property available and is calculated at 50% of the first £10,000 of net realisations and 20% of all further amounts, up to a maximum prescribed part of £600,000. I therefore calculate the prescribed part at £46,939, which would represent a 2.3p in the £ dividend to the unsecured creditors, based on my current knowledge of the creditor base.

7 Joint Administrators' remuneration and expenses

- 7.1 The Joint Administrators' remuneration is to be agreed by the secured and preferential creditors. I will be requesting approval of the Joint Administrators' fees on a time cost basis from the secured and preferential creditors within the next month, following meetings that have been arranged with the secured creditors. Prior to formally requesting approval of our fees, an estimate of our fees will be circulated to the general body of creditors for information.
- 7.2 The time costs for this Administration for the period from 9 October 2017 to 8 April 2018 amount to £210,883 and have been incurred in relation to:
 - Dealing with asset realisations, including instructing and liaising with agents, liaising with interested parties in respect of plant and machinery, resolving ownership matters; providing updates to the charge holders and undertaking site clearance;
 - Reviewing the debtors ledger and making assessments of collectable debts, pursuing outstanding debtors and dealing with correspondence.
- 7.3 The above matters have provided a direct financial benefit to the creditors as they have maximised asset realisations.
- 7.4 Other matters undertaken in respect of assets include arranging security cover for the head office site and arranging empty property inspections as required by insurers. Whilst these matters have not provided a direct financial benefit to the creditors, they have safeguarded the assets and therefore maximised realisations.
- 7.5 Time costs have also been incurred in dealing with:
 - Pension matters including pension searches, auto enrolment compliance, s120 report and lengthy correspondence with pension providers;
 - Arranging collection of leased assets and secure destruction of IT equipment;
 - Dealing with employee matters including redundancy meetings, liaising with ERA Solutions, dealing with employee claims and employment tribunal correspondence;
 - Dealing with unsecured creditor correspondence and providing updates to the secured creditor;
 - Statutory and administration matters including statutory notices of appointment, correspondence with directors regarding pension schemes and statement of affairs and director conduct reporting and;

- Bank account administration and dealing with receipts and payments.

- 7.6 These matters, whilst not providing any direct financial benefit to the creditors, are required to be carried out by the Administrators in the performance of their duties.
- 7.7 Expenses of £3,304 have been incurred in relation to the office holders' bordereau, and mileage, subsistence and accommodation charges incurred by the Joint Administrators and their staff in performance of their duties.
- 7.8 You will note from the receipts and payments account that the Administrators have not yet drawn any of these expenses.
- 7.9 Background information regarding the fees of administrators can be found at https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_fees_April_2017.pdf. Alternatively, we will supply this information by post on request free of charge. Time is charged in 6 minute units.

8 Other expenses incurred by the Joint Administrators

- 8.1 £44,023 and £30,651 has been paid in respect of wages and PAYE/NI for retained employees. £4,803 of other payroll deductions have been paid in respect of pension deductions and childcare vouchers. £5,060 has been paid to utility companies for gas and electricity charges at the head office site. A total of £32,541 has been paid to GMS Security Services Ltd, GMS Property Services Ltd and GMS Recovery Services Limited for security manning, property inspections and site clearance. £4,800 has been paid in respect of a retention of title claim. £13,338 has been paid to JLT Specialty Limited for insurance of assets and £13,339 has been paid to Hilco in respect of out of pocket expenses incurred in dealing with the auction of plant and machinery.
- 8.2 You will note from appendix B that all of these expenses have been settled in the period of this report.

Yours faithfully
for and on behalf of Owen Pugh & Company Limited



Christopher J Petts
Joint Administrator

The affairs, business and property of Owen Pugh & Company Limited are being managed by Christopher J Petts and David J Dunckley, appointed as Joint Administrators on 9 October 2017.

Enc

Appendix A**Owen Pugh & Company Limited - in administration
Joint Administrators' receipts and payments account
from 9 October 2017 to 8 April 2018**

Receipts	Statement of Affairs (£)	Total (£)
Plant & Machinery	1,308,102.00	1,014,295.40
Motor Vehicles	8,500.00	0.00
Book Debts	114,000.00	184,404.04
Misc Float Receipts		47.36
Vehicle Licence Refunds		37,615.92
VAT on sales		198,228.30
		<u>1,434,591.02</u>
Payments		
Rents		1,335.00
Rates		22.13
Heat & Light		5,059.50
Telephone		788.26
Lease/HP Payments		281.86
Repairs & Maintenance		238.40
Property Expenses		32,540.78
Vehicle Running Costs		69.30
PAYE/NI		30,650.97
Net Wages		44,022.64
Other Payroll Deductions		4,803.39
ROT		4,800.00
Bank Charges		39.22
Chargeholder		611,781.60
Misc Float Payments		703.20
Professional Fees		2,830.00
Mail re-direction - Owen Pugh Holdings		490.00
Mail re-direction - Owen Pugh Properties		490.00
Telephone Telex, Fax, IT		19.96
Re-Direction of Mail		1,960.00
Statutory Advertising		68.70
Other Property Expenses		1,300.00
Insurance of Assets		13,338.00
Bank Charges		114.60
Agent's fees		13,338.58
VAT on purchases		13,197.29
		<u>784,283.38</u>
Balance - 8 April 2018		<u><u>650,307.64</u></u>
Made up as follows		
Fixed Current Account		<u>311,240.67</u>
Floating Current Account		<u>305,570.60</u>
		<u><u>650,307.64</u></u>

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

	Charged/incurred in period 09/10/2017 to 08/04/2018	Cumulative charged/incurred to 08/04/2018	Of which paid to 08/04/2018
	£	£	£
Joint administrators' fees:	210,883	210,883	0
Time costs			
Expenses	3,304	3,304	0
Professional fees:			
ERA Solutions Limited	2,830	2,830	2,830
Insurance of Assets:			
JLT Specialty Limited	13,338	13,338	13,338
Legal fees:	12,572	12,572	0
DLA Piper UK LLP			
Agents fees:			
Hilco Valuation Services Europe	10,287	10,287	10,287

C SIP 9 information**Introduction**

The following information is provided in connection with the Joint Administrators' remuneration and disbursements in accordance with Statement of Insolvency Practice 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 below. Tasks are allocated to staff at the appropriate level. Support staff (ie secretaries, cashiers and filing clerks) are charged to the case for the time they work on it.

Grant Thornton UK LLP**Current rates from 1 October 2017**

	£
	up to
Partner/ Director	745
Associate director	485
Manager	410
Assistant manager	300
Executive	245
Administrator	165
Support staff	180

Disbursements

Out of pocket expenses are charged at cost. Mileage is charged at 45p a mile. VAT is added to disbursement charges as necessary.

OWEN PUGH & COMPANY LIMITED - O30200413 - SIP 9 TIME COST ANALYSIS

Transaction period : 09/10/2017 to : 08/04/2018

	Partner		Manager		Executive		Administrator		Total	
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£
Administration and Planning (incl statutory reporting)	5.85	2,888.25	59.75	26,195.00	129.44	30,831.80	26.00	3,956.00	221.04	63,871.05
Chargeholders (incl bank reporting)					.75	183.75			.75	183.75
Corporation Tax			3.80	1,837.00	5.50	1,430.00	12.00	1,382.50	21.30	4,649.50
Hiatus period									.00	
Investigations and reports on directors	.50	242.50			3.00	762.50			3.50	1,005.00
Legal	2.50	1,212.50			.20	49.00			2.70	1,261.50
PAYE and VAT					6.40	1,568.00	.40	86.00	6.80	1,634.00
Pensions			21.10	10,453.50			.60	96.00	21.70	10,549.50
Preferential creditors	2.00	970.00	5.10	2,526.00	36.17	8,875.40	4.90	471.00	48.17	12,842.40
Realisation of Assets: Debtors	1.00	485.00	24.75	11,013.75	1.12	274.40	2.80	462.00	29.67	12,235.15
Realisation of Assets: Other assets			5.00	2,225.00	11.05	2,707.25	1.90	76.00	17.95	5,008.25
Realisation of Assets: Property plant vehicles etc (incl HP leasing and third party)	7.75	3,758.75	109.50	48,727.50	67.80	16,624.75	21.45	3,459.50	206.50	72,670.50
Realisation of Assets: Stock and WIP (incl ROT)			22.00	9,780.00	2.00	495.50	3.15	519.75	27.15	10,805.25
Sale of business					1.25	306.25			4.80	654.50
Trading					1.80	441.00	16.65	2,747.25	18.45	3,188.25
Unsecured creditors	1.50	727.50	.75	307.50	25.80	6,422.75	19.80	2,966.50	47.85	10,424.25
Total	21.10	10,284.50	261.75	113,076.25	292.28	70,972.35	113.20	16,560.75	678.33	210,882.85

Total fees billed to date (Time) : £

Time costs in the period 9 October 2017 to 8 April 2018

TASKS	AV Hry Rate	Hrs	£
STATUTORY AND ADMINISTRATIVE TASKS	£ 300	273.5	81,965.55
Case planning			
Case set up and acceptance compliance			
Appointment documentation			
Statutory advertising			
File reviews			
Bank account administration (treasury)			
Liaising with the Pensions Regulator / Schemes			
Company searches			
Instruct lawyers			
Open post appointment back account			
Trading payments			
Estimated outcome statement			
Collate company information			
Letters to directors			
Issue undertakings			
Discussions with RPO			
Reports to creditors			
Review Statement of Affairs			
Mail re-direction			
Internal discussions			
Dealing with employee matters			
General administration			
REALISATION OF ASSETS	£ 354	286.1	101,273.65
Instruct security services			
Arrange for records to be destroyed			
Issue undertakings			
Correspondence with utility companies			
Review of debtor position			
Collection of book debts			
Collection and review of records			
Correspondence with finance companies			
Allocation of sales proceeds			
Sale / disposal of company's computers and other electronic equipment			
Arrange collection of leased assets			
Correspondence with insurers			
Letters to directors			
Dealing with stock and Retention of Title claims			
Review of interested parties			
TRADING	£ 173	18.5	3,188.25
Attending site			
Preparing accounts for trading period			
Creditor correspondence			
CREDITORS	£ 242	96.8	23,450.40
Reports to charge holder			
Updating creditor details			
Submit HR1 form			
Discussions with employees			
Creditor correspondence			
Assisting employees with RPO claim			
Instructing ERA Solutions			
Dealing with stock and Retention of Title claims			
Liaising with the Pensions Regulator / Schemes			
INVESTIGATION	£ 287	3.5	1,005.00
Letters to directors			
Review directors questionnaires			
Director conduct reporting			
TIME COSTS	£ 311	678.3	210,882.85

D An extract from the Insolvency (England and Wales) Rules 2016 relating to creditors' rights to request additional information from the administrator

Rule 18.9

- (1) The following may make a written request to the office-holder for further information about remuneration (other than pre-administration costs in an administration) set out in a progress report under rule 18.4(1)(b), (c) or (d) or a final report or account under rule 18.14 -
 - (a) a secured creditor;
 - (b) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question);
 - (c) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company;
 - (d) any unsecured creditor with the permission of the court; or
 - (e) any member of the company in a members' voluntary winding up with the permission of the court.
- (2) A request, or an application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report or account by the person, or by the last of them in the case of an application by more than one member or creditor.
- (3) The office holder must, within 14 days of receipt of such a request respond to the person or persons who requested the information by-
 - (a) providing all of the information requested;
 - (b) providing some of the information requested;
 - (c) declining to provide the information requested.
- (4) The office-holder may respond by providing only some of the information requested or decline to provide the information if-
 - (a) the time or cost of preparation of the information would be excessive; or
 - (b) disclosure of the information would be prejudicial to the conduct of the proceedings;
 - (c) disclosure of the information might reasonably be expected to lead to violence against any person; or
 - (d) the office-holder is subject to an obligation of confidentiality in relation to the information.
- (5) An office-holder who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.
- (6) A creditor, and a member of the company in a members' voluntary winding up, who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of –
 - (a) the office holder giving reasons for not providing all of the information requested; or
 - (b) the expiry of the 14 days within which an office-holder must respond to the request.
- (7) The court may make such order as it thinks just on an application under paragraph (6).

E An extract from the Insolvency (England and Wales) Rules 2016 relating to creditors' rights to challenge the administrator's remuneration or expenses if excessive

Rule 18.34

- (1) This rule applies to an application in an administration, a winding up or a bankruptcy made by a person mentioned in paragraph (2) on the grounds that-
 - (a) the remuneration charged by the office-holder is in all the circumstances excessive;
 - (b) the basis fixed for the office-holder's remuneration under rules 18.16, 18.18, 18.19, 18.20 and 18.21 (as applicable) is inappropriate; or
 - (c) the expenses incurred by the office-holder are in all the circumstances excessive.
- (2) The following may make such an application for one or more of the orders set out in rule 18.36 or 18.37 as applicable-
 - (a) a secured creditor;
 - (b) an unsecured creditor with either-
 - (i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
 - (ii) the permission of the court, or
 - (c) in a members' voluntary winding up-
 - (i) members of the company with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the company, or
 - (ii) a member of the company with the permission of the court.
- (3) The application by a creditor or member must be made no later than eight weeks after receipt by the applicant of the progress report under rule 18.3 or final report or account under rule 18.14 which first reports the charging of remuneration or the incurring of the expenses in question ("the relevant report").