

AM10

Notice of administrator's progress report



Companies House

THURSDAY



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A07 08/11/2018 #199
COMPANIES HOUSE

1 Company details

Company number 0 0 4 1 5 5 9 2

Company name in full Owen Pugh & Company Limited

→ Filling in this form
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 ●

Full forename(s) David J

Surname Dunckley

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

5 Administrator's address ●

Building name/number 30 Finsbury Square

Street

Post town London

County/Region

Postcode E C 2 P 2 Y U

Country

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

AM10

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6 Period of progress report

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

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



Owen Pugh & Company Limited - in Administration (the Company)

Recovery and Reorganisation
Grant Thornton UK LLP
Rotterdam House
116 Quayside
Newcastle-Upon-Tyne
NE1 3DY

Joint Administrators' progress report for the
period 9 April 2018 to 8 October 2018

Prepared by: Christopher J Petts, Joint Administrator

Contact details: Should you wish to discuss any matters in
this report, please do not hesitate to
contact Suzanne Blakey on 0191 203
7789

1 Executive summary

- This progress report for the Company's Administration covers the period from 9 April 2018 to 8 October 2018.
- Our proposals were approved on 14 December 2017 by deemed consent.
- The key work done in the period has been: updating employee claims following receipt of the proof of debt from The Insolvency Service and statutory matters including obtaining fee approval and extension of the Administration
- The return to the unsecured creditors is estimated at 3p in the £ (Section 3 – Dividend prospects).
- The Administration is currently due to end on 9 October 2019. It is anticipated that this matter will take a further ten months to be completed and for a dividend to unsecured creditors be paid.
- It is unlikely that there will be sufficient funds to make a distribution to unsecured creditors (other than by virtue of the prescribed part), and therefore it is intended to exit the Administration and move to dissolution.



Christopher J Petts
Joint Administrator
7 November 2018

2 Progress to date

2.1 Progress since our report dated 4 May 2018

As detailed in the Administrators' proposals dated 30 November 2017, the Administrators will pursue the objective of realising assets for the benefit of preferential and secured creditors.

The main work carried out in the period since our previous report has been

- updating employee claims following receipt of the proof of debt from The Insolvency Service
- statutory matters including obtaining fee approval and consent to the extension of the Administration from the secured and preferential creditors, circulars to creditors regarding fee estimate and also advising of the extension of Administration

all of which is reflected in the SIP9 information (Appendix B).

Dividend distributions have not, as yet, been made and the case has not been progressed to closure.

We have now received the outcome of the Employment Tribunal (ET) Hearing which was held on 1 October 2018, but we await further documentation from the Insolvency Service. Once this has been received we will look to advertise for creditor claims and commence the dividend distribution process

2.2 Trading

As you will note from the SIP9 information at Appendix B a small amount of time has been charged to trading. Whilst the Company ceased trading on the day of appointment (9 October 2017) time was *incurred on site at the Group Head Office by the Administrators' staff effecting an orderly wind down of the business.*

2.3 Extension of the Administration

The duration of an Administration is restricted to twelve months from the date of commencement, unless it is extended with the permission of the creditors or the Court.

Creditors were advised on 5 October 2018 that a twelve month extension to the Administration had been approved by the secured and preferential creditors. The extension was requested as the ET had yet to make a Judgment in respect of the PA claims. A Hearing had been scheduled by the ET for Monday 1 October 2018, and therefore, the outcome would not have been known to allow the case to have been closed ahead of the twelve month anniversary of appointment

2.4 Realisation of assets

As advised in the previous progress report all assets have now been realised.

3 Creditors

3.1 Secured creditors

HSBC Bank plc was granted a fixed and floating charge debenture over the Company's assets on 6 October 2005. HSBC was also granted a fixed charge chattels mortgage over the Company's assets on 6 July 2015. At the date of Administration, the balance due secured by this debenture was £5,569,245.

HSBC Equipment Finance (UK) Limited and HSBC Asset Finance (UK) Ltd were granted a fixed charge over the Company's assets on 21 May 2015. HSBC Equipment Finance (UK) Ltd was also granted a charge on 28 July 2017. At the date of Administration, the balance due secured by this debenture was £645,782 spread across a number of other Owen Pugh Group companies.

Merino Industries Ltd (as Security Agent) was granted a fixed and floating charge debenture over the Company's assets on 28 July 2017. At the date of Administration, the balance due secured by this debenture was £1,000,000.

DLA was engaged to provide legal advice to the Administrators on the validity of the security. No issues were identified.

To date, a distribution of £125,000 has been paid to HSBC Bank plc under its security. There is likely to be a shortfall to the secured creditor.

A distribution of £611,781.60 has been paid to HSBC Equipment Finance (UK) Limited under its security. The secured creditor has been repaid in full.

There will be no funds to enable a distribution to Merion Industries Ltd, whose security ranks behind that of HSBC Bank plc and HSBC Equipment Finance (UK) Limited.

3.2 Preferential creditors

Preferential creditor claims consist of employee claims for wages and holiday pay, up to certain statutory limits. A significant element of these claims will be subrogated to the Secretary of State, following payment of claims by the Redundancy Payments Service.

There were 113 employees at the date of appointment, all of whom have subsequently been made redundant.

The estimated preferential claim is £62,184.35.

We estimate that the preferential creditors will be paid a dividend of 100p in the £. Payment of a dividend to the preferential creditors is estimated to take place in the next four months.

3.3 Prescribed part – unsecured creditors

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.

We calculate the prescribed part at £33,415, which would represent a 3p in the £ dividend to the unsecured creditors, based on my current knowledge of the creditor base.

The statement of affairs prepared by the directors details 147 unsecured creditors totaling £991,869.

4 Investigations into the affairs of the Company

4.1 Statutory investigations

As advised in our report dated 4 May 2018, 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. However, we would be pleased to receive from any creditor any useful information concerning the Company, its dealing or conduct which may assist us.

5 Fees and costs

5.1 SIP9 disclosures

For information regarding payments, remuneration and expenses to us or our associates, please refer to the respective 'Statement of Insolvency Practice 9 disclosure' at Appendix B to this report, which covers:

- pre-appointment costs
- fee basis
- work done by us and our team during the period
- hourly charge out rates
- disbursements and expenses
- sub-contracted out work
- payments to associates
- relationships requiring disclosure
- information for creditors (rights, fees, committees)

6 Future strategy

6.1 Future conduct of the Administrators

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

- payment of Administration expenses, including our remuneration
- agreeing the claims of the preferential and unsecured creditors and payment of dividends
- paying a final distribution to the secured creditor
- finalisation of the Company's tax affairs, including completion of corporation tax and VAT returns and settlement of any liabilities, and
- complying with statutory and compliance obligations.

It is estimated that the Administration will take approximately ten months to be concluded due to

- Finalisation of the RPS's claim following the ET's Judgment in respect of PA
- Payment of a distribution to preferential creditors
- Payment of a prescribed part distribution

6.2 Exit from Administration

Once all matters have been concluded, the Administrators will progress the case 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.

6.3 Discharge from liability

As there are insufficient funds to make a distribution to creditors other than by virtue of the prescribed part, we will seek a resolution from the secured and preferential creditors in order to obtain our discharge from liability.

6.4 Future reporting

The date of our next report to creditors is anticipated to be by 8 May 2019.

A Abstract of the Administrators' receipts and payments

from 9 October 2017 to 8 October 2018

	Statement of Affairs	From 09:10:2017 to 08:04:2018	From 09:04:2018 to 08:10:2018	Total
	£	£	£	£
Receipts				
Fixed Charge				
Plant & Machinery	1,308,102.00	782,250.00	116,300.00	898,550.00
Goodwill		-	1.00	1.00
Fixed Charge VAT on Sales		156,450.00	-	156,450.00
Floating Charge				
Plant & Machinery		232,045.40	3,700.00	235,745.40
Motor Vehicles	8,500.00	-	-	-
Environmental Permit		-	1.00	1.00
Book Debts	114,000.00	184,404.04	-	184,404.04
Misc Float Receipts		47.36	1,394.97	1,442.33
Vehicle Licence Refunds		37,615.92	60.00	37,675.92
Misc Refunds		-	74.25	74.25
VAT on Sales		41,778.30	-	41,778.30
		<u>1,434,591.02</u>	<u>121,531.22</u>	<u>1,556,122.24</u>
Payments				
Fixed Charge				
Administrators Fees		-	89,885.00	89,885.00
Administrators Expenses		-	3,310.40	3,310.40
Agents/Valuers Fees		10,287.05	-	10,287.05
Insurance		-	280.00	280.00
Bank Charges		39.22	91.04	130.26
Fixed Charge VAT on Purchases		2,057.41	18,639.08	20,696.49
HMRC - Fxd VAT received/paid		-	154,392.59	154,392.59
Distribution to Secured Creditors				
HSBC Equipment Finance (UK) Ltd		611,781.60	-	611,781.60
HSBC Bank plc		-	125,000.00	125,000.00
Floating Charge				
Rents		1,335.00	-	1,335.00
Rates		22.13	987.58	1,009.71
Heat & Light		5,059.50	40.23	5,099.73
Telephone		788.26	-	788.26
Professional Fees		2,830.00	2,902.00	5,732.00
Lease/HP Payments		281.86	-	281.86
Repairs & Maintenance		238.40	-	238.40
Property Expenses		32,540.78	-	32,540.78
Other Property Expenses		1,300.00	-	1,300.00
Vehicle Running Costs		69.30	-	69.30
PAYE/NI		30,650.97	1,089.20	31,740.17
Net Wages		44,022.64	-	44,022.64
Other Payroll Deductions		4,803.39	87.53	4,890.92
ROT		4,800.00	-	4,800.00

	Statement of Affairs	From 09/10/2017 to 08/04/2018	From 09/04/2018 to 08/10/2018	Total
	£	£	£	£
Payments (cont)				
Agents/Valuers Fees		3,051.53	-	3,051.53
Insurance of Assets		13,338.00	-	13,338.58
Bank Charges		114.60	87.44	202.04
Misc Float Payments		703.20	-	703.20
Legal Fees		-	18,944.76	18,944.76
Mail re-direction - Owen Pugh Holdings		490.00	-	490.00
Mail re-direction - Owen Pugh Properties		490.00	-	490.00
Re-Direction of Mail		1,960.00	-	1,960.00
Telephone Telex Fax, IT		19.96	-	19.96
Statutory Advertising		68.70	-	68.70
VAT on Purchases		11,139.88	4,345.36	15,485.24
HMRC - VAT received/paid		-	30,638.42	30,638.42
		<u>784,283.38</u>	<u>450,720.63</u>	<u>1,235,004.59</u>
Net Receipts/(Payments)		<u>650,307.64</u>	<u>(329,189.41)</u>	<u>321,117.65</u>
Made up as follows				
Fixed Current Account NIB				39,237.61
Floating Current Account NIB				<u>281,980.04</u>
				321,117.65

B Statement of Insolvency Practice 9 disclosure: payments, remuneration and expenses to the administrators or their associates

This appendix has been prepared in conjunction with the requirements of the Insolvency Act 1986, the Insolvency (England & Wales) Rules 2016 (the Rules) and Statement of Insolvency Practice 9 (SIP9). In summary, it covers:

- pre-appointment costs
- fee basis
- work done by the Joint Administrators and their team during the period
- hourly charge out rates
- disbursements and expenses
- sub-contracted out work
- payments to associates
- relationships requiring disclosure
- information for creditors (rights, fees, committees)

Pre-appointment costs

Pre-appointment administration costs are fees charged and expenses incurred by administrators or other qualified insolvency practitioners, before the company entered administration but with a view to it doing so. To the extent they remain unpaid when the company enters administration and payment is sought, approval is required from the appropriate body of creditors as to whether they should be paid from the estate.

I can confirm that, as per my previous report, my firm has decided not to seek recovery any of its time or expenses incurred in the period immediately prior to appointment.

The Company instructed DLA to draft the legal documents to place the Group into administration. Details of the pre-appointment costs incurred by DLA are provided below

Cost	Work done	Why the work was necessary pre-appointment and how it furthered the achievement of an objective of administration	£	£	Payer	Pre/post administration	Unpaid
DLA	Drafting of legal documentation and filing of such documents in Court	To place the Company into Administration	2,539.44	2,539.44	Owen Pugh & Company Ltd – in Administration	Post Administration (04/10/2018)	NIL

Notes:

- Partner includes director
- Manager includes associate directors and managers
- Executive includes assistant managers and executives

On 22 June 2018, HSBC Bank plc and HSBC Equipment Finance (UK) Ltd and HSBC Asset Finance (UK) Ltd, the secured creditors approved payment of the pre-administration legal fees (£2,539.44) incurred by DLA

On 2 July 2018, Merino Industries Ltd (as Security Agent) approved payment of the pre-administration legal fees (£2,539.44) incurred by DLA. These have been paid

Post-appointment costs

Fee basis of the Joint Administrators

The fee estimate provided to the creditors (secured, preferential and unsecured) was £189,855.00 and this was approved as detailed below

I can advise that the following resolutions:

- The Joint Administrators' remuneration be calculated according to the time properly given by the Administrators and their staff
- The Joint Administrators will charge out of pocket expenses at cost and are authorised to charge mileage at 45p per mile, VAT to be added to disbursement charges as necessary

were approved as follows:

- On 22 June 2018 by HSBC Bank plc and HSBC Equipment Finance (UK) Ltd and HSBC Asset Finance (UK) Ltd, the secured creditors
- On 28 June 2018 by the preferential creditors
- On 2 July 2018 by Merino Industries Ltd (as Security Agent)

During the period from 9 April 2018 to 8 October 2018 (the Period) fees were incurred totalling £23,305.50 represented by 95 15 hrs at an average of £244.93hr (as shown in the 'Work done' section below). Details of the work done are provided in the respective section below

As at Period end recorded time costs fall short of the time costs in the fees estimate and expenses have exceeded the expense estimate given to the creditors prior to the determination of our fee basis

It should be noted that, whilst the recorded time costs at the period end fall short of those provided on the fee estimate, the fee estimate time costs are for the total time anticipated to complete the Administration and, as at 8 October 2018, work on the Administration has yet to be finalised

The increase in expenses can be attributed to professional fees paid in respect of the secure wiping and destruction of the Company's IT equipment, payment of a Retention of Title creditor and an increase of legal fees.

Work done by the Joint Administrators and their team during the Period

As this is the first report after the fee basis was approved by the secured and preferential creditors we are required to detail costs of actual work done in the periods covered by the previous report, including any expenses incurred in connection with it, as against any fees estimate provided. Our fees estimate was included within our letter to creditors dated 11 June 2018. We are also required to provide narrative explanation of the work done. The following tables (narrative followed by numerical) set out this information. Where applicable, we include explanation of the impact and implications of any variances from the fees estimate and a numerical fees estimate variance analysis. The period covered is from 9 October 2017 to 8 October 2018.

Area of work	Work done	Why the work was necessary	Financial benefit to creditors	Fees and expenses incurred
Trading				46.10 hrs £14,116.00 £/hr £306.20
Trading general	- Initial assessment of the possibility to trade in Administration, including contact with key customers and suppliers seeking their view and support - Attendance on site at Group Head Office in Cramlington, including meeting with employees - Dealing with calls and emails received to the Owen Pugh Administration email inbox - Review of contracts and communication with customers	- The work was necessary in order to effect an orderly wind down of the business - This was necessary to assist in reaching a decision regarding trading of the business	- Whilst the work had no direct financial benefit to the creditors of the Company it has allowed the Joint Administrators to fulfil their duties - Tolls £54.96 - Mileage £1,445.89 - Retention of Title £4,800.00	- Subsistence £258.17 - Accommodation £431.58 - Parking £2.80
Retention of title	- Dealing with queries/communication received regarding Reservation of Title claims - Liaising with companies carrying out inspections in relation to stock/goods on site at Head Office - Payment to retention of title creditor as claim valid	The Administrators have a duty to deal with claims of this nature	To minimise potential claims being submitted in the Administration	
Assets				272.92 hrs £94,673.40 £/hr £346.89
Sale of Business	Dealing with enquiries received from parties looking to potentially acquire some of the Company's subsidiaries. Determining which of the group companies the enquiries actually related to	The Administrators have a duty to deal with enquiries of this nature	Whilst there were no direct financial benefits to the creditors it was necessary for the Administrators to deal with any enquiries received	- Rent £1,335.00 - Rates £1,009.71 - Heat & Light £5,099.73 - Telephone £788.26
Property	Initial instruction of security firm and regular communication with security firm regarding onsite security requirements	The work was necessary in order to effect an orderly wind down of the business	Whilst the work had no direct financial benefit to the creditors of the Company it has allowed the Joint Administrators to fulfil	- Property Expenses £32,540.78 - Other Property Expenses £1,300.00

- Arranging for secure collection and destruction of company records from Head Office
 - Correspondence with numerous utility companies and issuing undertakings, where applicable
 - Liaising with professional firm regarding business rates review
 - This work was carried out to try and identify any potential assets
 - Potential to have a financial benefit for creditors
- their duties
- PAYE/NI £31,740.17
 - Net Wages £44,022.64
 - Other Payroll Deductions £4,890.92
 - Misc Payments £703.20
 - Legal Fees : DIA £16,405.32

Book and Other Debts

- Review, assessment and collection of book debts
- The work was necessary in order to maximise realisation of all potential assets
- This work was of direct financial benefit to the creditors as it added to the floating charge realisations available to distribute to creditors

Plant, Machinery, Fixtures & Vehicles

- Dealing with all plant & machinery matters, including liaising with Hilco (Agents appointed by the Joint Administrators), resolving ownership matters, selling assets and allocation of sales proceeds, including matching group assets to individual entities
- Correspondence to and from the Office of the Traffic Commissioners and surrender of operator's license including completion of SUR1 form
- This work was of direct financial benefit to the creditors as it added to both fixed and floating charge realisations available to distribute to creditors
- Repairs & Maintenance £238.40
- Agent/Valuers Fees : Hilco £13,338.58

Hire Purchase, Leasing Agreements & Third Party

- Liaising with all relevant leasing companies, including Siemens, Northumbrian Water, Hitachi Finance, Dell and Arnold Clark, etc and the return of leased equipment
- Liaising with Secure IT Disposals (Administrators approved firm) regarding collection and secure wiping of leased computer equipment
- The work was necessary to ensure that all leased/hired equipment was returned to the relevant companies
- In order to comply with data protection regulations, and Grant Thornton UK LLP's internal procedures, all computer equipment must be securely wiped before it is returned to the leasing company
- Whilst this work did not have a direct financial benefit for the creditors it minimises potential claims being submitted in the Administration
 - Professional Fees : Secure IT Disposals Ltd £2,502.00
 - Lease/HP Payments £281.86
 - Vehicle Running Costs £69.30
 - Insurance £13,618.58
 - Telephone, Telex, Fax & IT £19.96

Other Assets

- Liaising with Secure IT Disposals (Administrators approved firm) regarding collection and secure wiping of non-leased computer equipment
- Liaising with Perfect Image (Company's IT provider) regarding computer equipment etc
- In order to comply with data protection regulations, and Grant Thornton UK LLP's internal procedures, all computer equipment must be securely wiped before it is destroyed
- To minimise potential claims being submitted in the Administration

Insurance

- Liaising with Jardine Lloyd Thompson Specialty Limited (JLT) (the Administrators' approved
- This is statutory work to ensure the Administrators comply with insurance regulations and that all
- No direct financial benefit to the creditors

insurance broker		assets are appropriately insured	
- Collating information for JLT such as pre-appointment brokers, existing claims etc - Forwarding all claims received post-appointment (but relating to pre-appointment incidents/claims) to JLT			
General	Liaising with DLA (Administrators' solicitors) regarding chattel mortgage	- Necessary work to ensure correction allocation of funds - Financial benefit to secured creditors	
Investigations		3.50 hrs	£1,005.00 £287.14
Directors & General	- Collating and reviewing information required to assist with the submission of the Directors Conduct Report - Online submission of Directors Conduct Report	No direct financial benefit to the creditors	
Creditors		121.22 hrs	£29,768.90 £245.58
Secured	Updates and reports to, discussions and meetings with the secured creditors	- No direct financial benefit to the creditors - Accommodation £78 37 - Rail Travel £477.00	
Employees & pensions	- Submission of HR1 forms to The Insolvency Service - Staff meetings and addresses - Statutory paperwork in respect of redundancies - Assisting employees with online completion of RP1 forms - Telephone calls and letters to employees who did not attend Head Office in person, to advise of Administration and redundancies - Dealing with queries raised by employees - Liaising with ERA Solutions regarding employee queries, submission of RP14 and RP14a forms to The Insolvency Service - Correspondence to and from Unite the Union - Liaising with and submitting responses to the Employment Tribunal regarding claims submitted by employees Also attendance at Case Management Hearing	- A large proportion of the work carried out was a statutory requirement, such as submission of forms to The Insolvency Service, etc. However, assisting the employees submit their claims for loss of wages, redundancy, etc was to ensure the employees received the monies owing to them as speedily as possible. - The benefit to the employees, as creditors of the Company in Administration, was to ensure monies owing to them, within the statutory limits, were paid as speedily as possible - The agreement of preferential claims has a direct financial benefit to the employees (and the Insolvency Service) as it results in a preferential distribution being made from available funds	- Courier & Postage £268.00 - Mileage £93 60 - Professional Fees - ERA Solutions £2,830.00

- Liaising with solicitors representing employees who have submitted ET claims
- Correspondence to and from The Insolvency Service regarding collective consultation
- Updating employee claims following receipt of proof of debt from the Insolvency Service
- Reviewing pension data provided by the Company regarding *unpaid contributions*
- RP15 claims(s) – preparation of data and submission to The Insolvency Service
- Correspondence with Scottish Widows
- Correspondence with The Peoples' Pension

Unsecured

- Dealing with calls, emails, correspondence and queries raised by creditors following the Company being placed into Administration
- Updating creditor records
- Creditor correspondence following circulars to creditors, such as Proposals, Joint Administrators' fee estimate, progress report, etc.
- Letters to solicitors and Court(s) where proceedings have been issued advising of Administration appointment

- Direct financial benefit to the creditors as it ensures creditors' claims are accurately recorded and agreed which will assist in the payment of a prescribed part dividend

Administration

335.04 hrs £95,851.05 £/hr £286.09

Take-on	• Completion of Anti Money Laundering and Relationship checks	• Necessary work to ensure there are no conflicts or material reasons why the Administrators cannot accept the appointment	• No financial benefit to the creditors	• Bond £100.00 • Courier & Postage £100.03 • Bank Charges £332.30
Appointment formalities	• Reviewing and signing of documents of Appointment, including correspondence with solicitors acting for the Administrators	• Necessary work to effect the appointment	• No financial benefit to the creditors	• Legal Fees : DLA £2,539.44 • Mail Re-direction £2,940.00
Case set-up	• Collate all necessary information to enable the Insolvency Practitioners system to be set up and provide completed information to the Case Management Unit • Information to and correspondence with Applian to ensure case set up on internal systems	• Internal procedures to record creditor claims, payment, etc, which must be complied with for any new statutory appointments	• No financial benefit to the creditors	• Statutory Advertising £68.70

Case management	• Statutory Advertising • File reviews • Maintenance of records • Letters advising of Administrators' appointment	• Statutory requirements • No financial benefit to the creditors
	• Letters to creditors advising of – Administration – Proposals – Deemed approval – Fee estimate – Progress report – Administration extension	• Statutory requirements • No financial benefit to the creditors
Reports, circulars notices & decisions		
Statement of affairs	• Letters and forms to the Directors • Review of Statement of Affairs • Filing Statement of Affairs at Companies House	• Statutory requirements • No financial benefit to the creditors
Treasury, billing & funding	• Liaising with bank regarding opening of accounts, pre-appointment bank accounts, set up of online banking facility • Administrators' bonding • Inputting receipts • CHAPS & BACS payments, cheques, Fastpay • Banking cheques • Bank reconciliations	• All necessary work to ensure the Administrators and their staff are able to carry out their duties • No financial benefit to the creditors • The bonding is a statutory requirement
Tax	• Information to and liaising with Grant Thornton's VAT department • Preparation and submission of VAT return (Group company registration) • Information to and liaising with Grant Thornton's Tax department including – Review of information provided by Company – Review of management accounts – CIS returns/penalty notices – RDCO notices/penalties • Liaising with HM Revenue & Customs following	• All necessary work to ensure the Administrators' comply with legal and reporting requirements and to identify whether any refunds are due • No direct financial benefit to the creditors

appointment, including CIS status and PAYE/NI
payments made post-appointment

Pensions

- Reviewing pension database, online s120 notice search, other pension searches and update of records and registers
 - Reviewing pension: information supplied by the Company
 - S120 report and covering letters
 - Correspondence with People Pension
 - Correspondence with Scottish Widows
- All necessary work to ensure the Administrators' comply with legal and reporting requirements
 - No direct financial benefit to the creditors

Period from 09/04/2018 to 08/10/2018

Area of work	Partner		Manager		Executive		Administrator		Period total		Cumulative total as at period end				Fees estimate		Variance	
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£
Trading									0.60	122.50	46.10	14,116.00	306.20	172.80	27.66	3,188.26	10,927.76	396.22
Trading (general)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retention of title	-	-	-	-	0.50	122.50	-	-	0.50	122.50	245.00	3,188.26	172.80	-	-	-	-	-
Realisation of assets	-	-	-	-	-	-	-	-	10.36	2,710.76	261.91	272.92	94,673.40	346.89	263.99	103,004.66	(8,331.26)	397.29
Sale of business	-	-	-	-	-	-	-	-	-	-	-	4.90	684.60	136.36	-	-	-	-
Property	-	-	-	-	0.75	183.75	-	-	0.75	183.75	245.00	263.01	6,772.50	412.37	-	-	-	-
Books & other debts	-	-	-	-	-	-	-	-	-	-	-	29.67	12,235.16	412.37	-	-	-	-
Plant, machinery, fixtures & vehicles	-	-	-	-	0.30	73.50	-	371.25	2.55	444.75	174.41	112.40	42,612.26	379.11	-	-	-	-
Hire purchase, leasing agreements & third party	-	-	-	-	0.60	147.00	-	-	0.60	147.00	245.00	58.40	20,568.00	352.19	-	-	-	-
Other assets	-	-	-	-	1.10	269.50	-	-	1.10	269.50	245.00	19.30	5,339.00	276.63	-	-	-	-
Insurance	-	-	-	-	3.86	938.25	-	-	3.86	938.25	243.70	18.40	4,603.00	244.73	-	-	-	-
General	1.50	727.50	-	-	-	-	-	-	1.50	727.50	485.00	4.20	1,989.00	473.57	-	-	-	-
Investigations	-	-	-	-	-	-	-	-	-	-	-	3.60	1,006.00	287.14	3.60	1,006.00	-	-
General	-	-	-	-	-	-	-	-	-	-	-	3.26	943.76	290.38	-	-	-	-
Debtor/director/senior employees	-	-	-	-	-	-	-	-	-	-	-	0.26	61.26	246.00	-	-	-	-
Creditors	-	-	-	-	-	-	-	-	23.40	6,101.25	260.74	121.22	29,768.90	246.58	-	-	-	-
Secured	-	667.50	1.50	-	1.50	667.50	-	-	1.50	667.50	445.00	2.26	861.26	376.33	-	-	-	-
Employees & pensions	-	109.00	0.20	4,593.75	18.76	4,593.75	-	-	18.96	4,701.76	248.11	67.77	17,663.40	280.64	-	-	-	-
Unsecured	-	-	-	-	2.95	732.00	-	-	2.95	732.00	248.14	51.20	11,264.26	219.81	-	-	-	-
Administrations	-	-	-	-	-	-	-	-	60.90	14,371.00	236.98	336.04	95,951.06	286.09	378.17	110,437.66	(14,586.60)	338.20
Treasury, billing & funding	-	-	-	3,135.25	14.80	3,135.25	2.50	400.00	17.30	3,535.25	204.36	70.66	14,766.00	209.41	-	-	-	-
Tax	-	1,704.00	3.90	1,160.75	4.60	1,160.75	5.60	700.00	14.10	3,564.75	252.82	44.66	10,464.50	234.14	-	-	-	-
Pensions	-	133.50	0.30	-	-	-	-	-	0.30	133.50	445.00	22.00	10,663.00	485.59	-	-	-	-
General	1.50	727.50	1.00	340.00	23.55	5,666.25	3.15	413.75	29.20	7,137.50	244.43	197.74	59,910.56	303.02	-	-	-	-
Total	3.00	1,465.00	6.90	2,963.00	71.76	17,012.50	13.60	1,866.00	95.16	23,306.50	244.93	778.78	236,414.36	302.29	841.28	264,265.86	(18,851.50)	301.62

Notes:

- Partner includes partners and directors
- Manager includes associate directors and managers
- Executive includes assistant managers and executives
- Due to enhancements to our SPS reporting systems, allocation of time against areas of work may differ to previous periods, however this does not affect overall total time costs
- Adverse variances are presented in brackets
- Total time costs paid to date: £89,885.00 (excludes VAT)

Hourly charge out rates

Time is charged in units of 6 minutes for each grade of staff used. The hourly charge out rates applied during the Period are as follows:

Grade	From 9 October 2017 to current	
	Insolvency & pensions £/hr	Tax £/hr
Partner	510	510 – 745
Director	485	485 – 595
Associate director	445	445 – 485
Manager	340	340 – 410
Assistant manager	300	300 – 340
Executive	245 – 260	260 – 315
Administrator	165 – 200	165 – 235
Treasury	180	
Support	150	

The current charge out rates have applied since 1 October 2017. We reserve the right to amend our charge out rates in the future. Any amendments will be detailed within the next report following such an amendment.

Disbursements and expenses

Disbursements are expenses met by and reimbursed to an office holder in connection with an insolvency appointment and fall into two categories

Category 1 disbursements

These are also known as 'out of pocket expenses' and are payments to independent third parties where there is specific expenditure directly referable to the insolvent estate, they can be drawn without prior approval and consist of the following categories

- Travel and subsistence – these costs are incurred by staff in attending trading premises or meetings, for example
- Office costs – these are costs such as postage or courier charges which are incurred in managing the case
- Statutory costs – these are costs such as bonding and advertising relating specifically to the case, which are required by statute

They also include expenses which have been paid using a Grant Thornton Loan, the balance of which (if any) can be seen on the joint administrators' receipts and payment account at Appendix A

Category 2 disbursements

These are expenses that are directly referable to the insolvent estate but not a payment to an independent third party. They may include shared or allocated costs that may be incurred by an office holder or their firm, and that can be allocated to the appointment on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as an office holder's remuneration

To the extent that recovery of category 2 disbursements is sought, this will be for mileage only. Accordingly, the following resolution was made by the secured creditors on 22 June and 2 July 2018 respectively and by the preferential creditors on 28 June 2018.

- The Joint Administrators will charge out of pocket expenses at cost and are authorised to charge mileage at 45p per mile, VAT to be added to disbursement charges as necessary

Mileage is charged at 45p a mile. VAT is added as appropriate. Details of these costs are also provided in the table below.

Statement of disbursements and expenses incurred in the Period

Expenses properly incurred by the Joint Administrators in the Period, which are not disbursements and have not been fully paid are disclosed in addition to disbursements incurred in the Period.

Category	Incurred in the Period (£)	Incurred as at Period end (£)	Of which paid by the estate as at Period end (£)
Category 1 disbursements			
Joint Administrators' Bond	100.00		100.00
Subsistence	258.17		258.17
Accommodation	509.95		509.95
Parking	2.80		2.80
Rail Travel	477.00		477.00
Tolls	54.96		54.96
Courier & Postage	6.25		368.03
Category 2 disbursements			
Mileage @ 45p per mile	1,539.49		1,539.49
Expenses			
Rent	1,335.00		1,335.00
Rates	1,009.71		1,009.71
Heat & Light	5,099.73		5,099.73
Telephone	788.26		788.26
Professional Fees :			
ERA Solutions Ltd	2,830.00		2,830.00
Secure IT Disposals Limited	2,902.00		2,902.00
Lease/HP Payments	281.86		281.86
Repairs & Maintenance	238.40		238.40
Property Expenses	32,540.78		32,540.78
Other Property Expenses	1,300.00		1,300.00
Vehicle Running Costs	69.30		69.30
PAYE/NI	30,650.97		31,740.17
Net Wages	44,022.64		44,022.64
Other Payroll Deductions	4,890.92		4,890.92
Retention of Title	4,800.00		4,800.00
Administrators Remuneration	23,305.50		89,885.00
Agents/Valuers Fees : Hilco	13,338.58		13,338.58
Insurance	280.00		13,618.58
Bank Charges	178.48		332.30
Misc Payments		703.20	703.20
Legal Fees : DLA Piper UK LLP	3,833.32	18,944.76	18,944.76

Mail Re-direction	2,940.00	2,940.00
Telephone, Telex, Fax, IT	19.96	19.96
Statutory Advertising	68.70	68.70

Sub-contracted out work

We confirm that, in the Period, we have not sub-contracted out any work that could otherwise have been carried out by us or our team.

Payments to associates

We confirm that, in the Period, we have not enlisted services from within our firm or from a party with whom (to the best of our knowledge) our firm, or an individual within our firm, has a business or personal relationship.

Relationships requiring disclosure

We confirm that we are not aware of any business or personal relationships with any parties responsible for approving the joint administrators' fee basis, or who provide services to us as Joint Administrators, which may give rise to a potential conflict.

Information for creditors

Provided below is information to help creditors to understand their rights in insolvency and regarding officeholders' fees, and the roles and functions of committees.

R3 is the trade association for the UK's insolvency, restructuring, advisory and turnaround professionals. Amongst other things, R3 has made available written guidance for stakeholders affected by insolvency, in particular creditors, for some of which the web links are provided below.

Where web links are provided for the information, we will supply this information by post, free of charge on request

'Office holder' means, for example, the appointed administrator(s), liquidator(s) or trustee(s) in bankruptcy.

R3 creditor guides

- Rights of creditors during an insolvency process guides: <https://www.r3.org.uk/what-we-do/publications/professional/creditors-guides>
- Background information regarding the fees of officeholders: <https://www.r3.org.uk/what-we-do/publications/professional/fees>
- Liquidation/Creditors' committees and commissioners: <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>

Creditors' and members' rights to request information about remuneration or expenses under r18.9 of the Rules

(1) The following may make a written request to the office-holder for further information about remuneration or expenses (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 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 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; or
 - (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 a request
- (7) The court may make such order as it thinks just on an application under paragraph (6).

Creditors' and members' rights to challenge the office-holder's remuneration and expenses under r18.34 of the Rules

- (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 the remuneration or the incurring of the expenses in question ("the relevant report").

C Statutory information

Company Information

Company name	Owen Pugh & Company Limited
Date of incorporation	22 July 1946
Company registration number	00415592
Former trading address	Cramlington Road Dudley Cramlington Northumberland NE23 7PR
Former registered office	As above
Present registered office	4 Hardman Square Spinningfields Manchester M3 3EB

Administration information

Administration appointment	The administration appointment granted in the High Court of Justice, Business and Property Court, 895 of 2017
Appointor	the directors
Date of appointment	9 October 2017
Joint Administrators' names	Christopher J Petts David J Dunckley
Joint Administrators' address(es)	Rotterdam House, 116 Quayside, Newcastle upon Tyne, NE1 3DY 30 Finsbury Square, London, EC2P 2YU
Purpose of the administration	Realising property in order to make a distribution to one or more secured or preferential creditors
Estimated values of the Net Property and Prescribed Part	The company's Net Property is estimated to be £152,434. The Prescribed Part is capped at the statutory maximum of £600,000
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply Therefore, the Joint Administrators intend to make a distribution to the unsecured creditors
Functions	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.
Current administration expiry date	9 October 2019

D Definitions

ET	Employment Tribunal
PA	Protective Award
DLA	DLA Piper UK LLP
VAT	Value added tax

E Notice about this report

This report has been prepared by Christopher J Petts, the Joint Administrator of Owen Pugh & Company Limited – in Administration, solely to comply with the Joint Administrators' statutory duty to report to creditors under the Insolvency (England and Wales) Rules 2016 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.*

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

Any persons choosing to rely on this report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Christopher J Petts and David J Dunckley are authorised in the UK to act as Insolvency Practitioners by the Insolvency Practitioners Association.

The Joint Administrators are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointment of the Joint Administrators are personal to them and to the fullest extent permitted by law, Grant Thornton UK LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the Administration.

Please note you should read this progress report in conjunction with the Joint Administrators' previous progress reports and proposals issued to the Company's creditors, which can be found on the Grant Thornton portal. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT. For definitions of abbreviations please refer to Appendix D.



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