Rule 2 47

Form 2 24B (CH)

The Insolvency Act 1986

Administrator's progress report

Name of Company	Company Number
Rok Building Limited	00539441

In the	Court case number
High Court of Justice, Chancery Division, Companies Court (full name of court)	9113 of 2010

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

We JR Webb, RJ Hunt, MJA Jervis and RN Lewis of 7 More London Riverside, London SE1 2RT, Administrators of the above company attach a progress report for the period

(b) Insert dates

from 8 May 2011 to 30 September 2011

Signed Jeremy Webb
Joint Administrator

Dated 3 November 2011

Contact Details:

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

	Tel
DX Number	DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

SATURDAY
AQF9SYZD
A18 05/11/2011 38
COMPANIES HOUSE

pwc

Rok Building Ltd – in Administration

High Court of Justice, Chancery Division, Companies Court
Case no. 9113 of 2010

Joint Administrators' progress report for the period from 8 May 2011 to 30 September 2011

21 October 2011

www.pwc.co.uk/rok

PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT
T: +44 (0) 20 7583 5000, F: +44 (0) 20 7212 7500, www.pwc.co.uk

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Services Authority for designated investment business

Contents

Abbreviations used in this report:

"the Company"	– Rok Building Limited
"the Administrators"	– J R Webb, R J Hunt, M J A Jervis and R N Lewis
"IA86"	– Insolvency Act 1986
"IR86"	– the Insolvency Rules 1986
"the Bank"	– The Royal Bank of Scotland plc, as agent for the bank syndicate.
"Rok group"	– Rok plc and its subsidiaries
"Mansell"	– Mansell Construction Services Limited

1. Joint Administrators' progress report for the period from 8 May 2011 to 30 September 2011

Introduction

I refer to the appointment of the Administrators to the Company on 8 November 2010.

I am writing to provide a progress report for the period from 8 May 2011 to 30 September 2011 in support of my application to the Court for a 12 month extension to the period of the administration, pursuant to Rule 2.112 of IR86.

This report should be read in conjunction with the attached proposals, approved on 14 January 2011 and the progress report to 7 May 2011.

Reasons for extending the Administration

The administration of the Company will come to an end on 7 November 2011 unless extended. As there are significant contract debts to be realised, a material number of which are only collectible once the retention period has lapsed, I am now seeking the Court's approval for an extension of the administration of the Company for a period of 12 months, in order to maximise realisations. This strategy is supported by the Bank, as noted in the attached correspondence.

Background

- The Company was the principal trading entity in the Rok group, undertaking planned and emergency repairs and infrastructure, maintenance and development works for local authorities, housing associations, insurance companies and airport authorities.
- The Administrators' appointment arose as a consequence of the general downturn in the construction industry, local authority spending restrictions and specific underperforming contracts.

Progress to date

The principal elements of the Administrators' strategy, carried out since 8 November 2010 have been:

- completing the sale of a large number of contracts, the chattels, other assets and the transfer of some 380 employees to Mansell for an initial cash consideration of £4 million, as shown in the receipts and payments account at page 7 of this report, together with a maximum potential for deferred consideration of a further £3 million in respect of additional contract novations,
- selling other contracts to Mears Group plc for an aggregate consideration of £0.5 million, plus a full recovery of £1.5 million of book debts.
- liaising with retained Company staff and construction debt recovery specialists in order to recover the remaining book and contract debts;
- recovering other debts due to the Company including a refund of £1.75 million from the Company's National Insurance savings scheme;
- working with auctioneers to complete the sale of the remaining plant, machinery, office furniture, equipment and chattel assets; and
- fulfilling their ongoing statutory duties as Administrators, including the agreement of preferential claims, the resolution of creditor queries (from identifying the liable entity within the Rok group to resolving retention of title disputes) and statutory reporting.

Outstanding matters

Book debts

To date, thanks to the assistance of retained Company staff and our debt recovery specialists, we have realised in excess of £35 million from the Company's work in progress, book and contract debtor ledgers and continue to pursue further receipts, with in excess of £13 million outstanding across multiple contracts from the top ten debtors.

The Administrators and their agents do not believe it is in the best interests of creditors to exit the administration via a Creditors Voluntary Liquidation at this time. To do so would allow for the aggregation of the debts such that a large claim on one contract can be set-off against the amounts due on other contracts with the same debtor, with a significant risk to recoveries.

Additionally, the poor quality of the Company's records continues to impact on the timing and quantum of receipts, with a number of debtors refusing to enter into settlement negotiations until the retention periods expire.

Pension liability

The Company is an employer of two defined benefit pension schemes, together with Rok PLC and Rok Development Limited.

The total buy-out deficit is £83 million, for which the trustees have statutory claims against the Company and the other employers. By virtue of the judgement in the case of Nortel and Lehman v the Pensions Regulator (the "Nortel" case), any financial support direction (FSD) issued by the Pensions Regulator would currently rank as an expense of the administration.

Although no FSD has to date been issued, the outcome of the current appeal in the Nortel case could have a material impact on the timing and quantum of distributions to all classes of creditor if that were to occur. Depending on the validity and proper conduct of any such FSD or Contribution Notice, there may be no floating charge realisations to distribute by way of prescribed part. That would in turn impact on the choice of exit route from administration.

Holiday pay

The Administrators have had difficulty in agreeing the employees' preferential holiday pay claims on behalf of the Redundancy Payments Office because the Company's holiday records are inconsistent and do not form a reliable basis for agreement.

As a consequence, the Administrators are not yet able to pay all preferential claims but hope to be able to pay these claims in full within 3 months, subject to the outcome of the Nortel appeal.

Receipts and payments account

An account of the receipts and payments in the Administration for the period from 8 November 2010 to 30 September 2011 is set out in Section 3.

Expenses statement

A statement of the estimated expenses incurred by the Administrators in the period 8 November 2010 to 30 September 2011 is included at Section 4.

The statement excludes any potential tax liabilities that may be payable as an expense of the Administration in due course because amounts due will depend on the position at the end of the tax accounting periods.

Administrators' remuneration

It was for the secured and preferential creditors to agree the basis of our remuneration and the following resolutions were approved on 11 April 2011:

- That the Joint Administrators' remuneration is fixed by reference to the time properly given by the Joint Administrators and the various grades of their staff according to their firm's usual charge out rates for work of this nature.
- That the Joint Administrators be authorised to draw remuneration of £106,236 for the period 14 October 2010 to 29 October 2010, being unpaid pre administration fees that were incurred by administrators, or other persons qualified to act as insolvency practitioners and their staff, before the company entered administration but with a view to its doing so, in

accordance with Rule 2.33 (2A) of the Insolvency Amendment Rules 2010.

- That the Joint Administrators be authorised to draw remuneration of £3,158,258 plus VAT, for the period ending 14 January 2011.
- That the Joint Administrators' future remuneration be calculated by reference to the time properly given by them and their staff in attending matters arising in the Administration and that the Joint Administrators be authorised to draw such remuneration on account from time to time.
- That the Joint Administrators be authorised to draw Category 2 disbursements and that the Joint Administrators be authorised to draw such disbursements on account of such costs from time to time.
- That the Joint Administrators shall be discharged from liability pursuant to Paragraph 98(1) Sch.B1 IA86 in respect of any action of theirs as Joint Administrators with effect from 14 days after they have ceased to act as Joint Administrators of the Company.

Outcome for creditors

It is presently anticipated that the Bank will suffer a shortfall under its security.

The Administrators are unable to confirm the timing or level of funds available for distribution to the Company's preferential creditors or to the unsecured creditors by virtue of the prescribed part of £600,000 due to the implications of the judgement in the Nortel case referred to on page 3.

The Administrators are considering the most appropriate strategy for bringing the Administration to an end, taking into consideration the nature and value of outstanding realisations, the implications of the Nortel case for distributions and the ongoing cost and tax implications Creditors will be advised of the Administrators' decision as soon as possible.

For and on behalf of the Company

Jeremy Webb

JR Webb
Joint Administrator
Rok Building Limited

JR Webb, RJ Hunt, MJA Jervis, and RN Lewis were appointed as Joint Administrators of Rok Building Limited on 8 November 2010 to manage its affairs, business and property as its agents and without personal liability. JR Webb, RJ Hunt, MJA Jervis, and RN Lewis are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

2. Statutory and other information

Court details for the Administration:	High Court of Justice, Chancery Division, Companies Court, No. 9113 of 2010
Full name:	Rok Building Limited
Trading name:	Rok Building Limited
Registered number:	00539441
Registered address:	7 More London Riverside, London SE1 2RT (formerly Rok Centre, Guardian Road, Exeter Business Park, Exeter, EX1 3PD)
Company directors:	Garvis Snook, Sean Cummins, Robin Olorenshaw (all resigned 13 December 2010).
Company secretary:	Julian Turnbull (resigned 7 January 2011)
Shareholdings held by the directors and secretary:	None.
Date of the Administration appointment:	8 November 2010
Administrators' names and addresses:	JR Webb, RJ Hunt, MJA Jervis and RN Lewis of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT
Details of any extension(s) to the initial period of appointment	None.
Changes in office holder:	None.
Appointor's / applicant's name and address:	The Royal Bank of Scotland Plc, Level 5, 135 Bishopsgate, London EC2M 3UR
Objective being pursued by the Administrators:	Objective (b), achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration)

2. Statutory and other information

Division of the Administrators' responsibilities:	During the period for which the company is in Administration any act required or authorised under any enactment to be done by the Administrators may be done by all or any of the persons for the time being holding that office.
Proposed end of the Administration:	Creditors' Voluntary Liquidation, subject to the outcome of the Nortel appeal.
Estimated dividend for unsecured creditors:	Uncertain. The Administrators are aware of unsecured creditors' claims in excess of £200 million.
Estimated values of the prescribed part and the company's net property:	There is a prescribed part of £600,000 available for distribution to unsecured creditors. Note the comments in this report regarding the impact of the Nortel case
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:	The Administrators may make an application to Court under Section 176A (5) of IA86 to disapply the Prescribed Part if the economic benefits to the body of creditors are outweighed by the costs of adjudication.
The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings.

3. Receipts and payments account for the period 8 November 2010 to 30 September 2011

Directors' statement of affairs (estimated to realise) £		Notes	Transactions for the period from 8 November 2010 to 7 May 2011 £	Movement between 8 May 2011 and 30 September 2011 £	Transactions for the period from 8 November 2010 to 30 September 2011 £
	ASSETS / RECEIPTS				
	Intangibles	1	3		3
	Intercompany receivables				
	Prepayments				
	Retentions				
	Investments	2	1		1
	VAT refund				
	Leasehold improvements and fixtures and fittings	3	462,990	42,421	505,411
	Plant, machinery, motor vehicles and stock	4	146,201	75,979	222,180
	Deferred tax asset				
	Computer equipment				
	Income tax receivable				
20,935,094	*WIP, book and contract debtors*	5	29,759,628	5,288,587	35,048,216
430,000	*Las Plant deferred consideration*				
309,181	*Cash (Richardsons)*				
15,000	*Other debtors*	6	396,108	58,920	455,028
	Contribution to costs	7	2,732,989	292,036	3,025,025
	Holiday scheme refund		1,755,624		1,755,624
	Rent received		48,705		48,705
	Interest received		2,821	7,212	10,033
	VAT payable / (Receivable)		(953,494)	(445,690)	(1,399,184)
21,689,275	**Total receipts**		34,351,576	5,319,466	39,671,042
	COST OF REALISATIONS / PAYMENTS				
	Wages, salaries and expenses of retained Company staff	8	8,520,752	1,224,993	9,745,745
	Office holders' fees		3,104,703	1,622,000	4,726,703
	IT licence and system costs		817,007	15,281	832,288
	Legal fees and expenses		528,417	190,784	719,201
	Rent, rates, utilities and other office maintenance costs		379,325	133,433	512,758
	Subcontractor costs		303,510		303,510
	Distribution to Chargeholder		207,575	12,188,482	12,396,057
	Security		83,352	7,383	90,735
	Professional / Consultancy fees		73,522	589,730	663,252
	Printing / postage / advertising and storage of books and records		47,733	51,401	99,134
	Bank charges		22,892	1,288	24,180
	Agents' Fees		16,133	93,760	109,893
	Office holders' expenses		3,092		3,092
	Statutory costs		12		12
	Total payments		14,108,024	16,118,536	30,226,560
	BALANCE	9	20,243,552	(10,799,069)	9,444,482

3. Receipts and payments account for the period 8 November 2010 to 30 September 2011

Notes

1 The italicised categories are estimated to have no realisable value by the directors in their statement of affairs.

2 Non traded shares in contract holding subsidiaries, sold to Mansell.

3 Comprises £411,253 for chattels sold to Mansell and £3,287 in respect of sales to Mears.

4 Principally motor vehicles sold to Mansell.

5 Includes £3.4 million in respect of debts assigned to Mansell and £1.5 million in respect of sales to Mears.

6 Sundry refunds, including business rates and utilities.

7 Contributions from Mansell in respect of offices and services shared with the Company, to preserve and service assigned contracts.

8 This includes payments made to other Rok group administration companies for the services of retained staff.

9 Held on interest bearing accounts with the Royal Bank of Scotland PLC.

4. Statement of expenses for period from 8 November 2010 to 30 September 2011

	Notes	£
Expenses paid as at 30 September 2011		
Wages, salaries and expenses of retained Company staff		9,745,745
Office holder's fees	1	4,726,703
IT licence and system costs		832,289
Legal fees and expenses		719,201
Rent, rates, utilities and other office maintenance costs		512,759
Subcontractor costs		303,511
Security		90,735
Professional / Consultancy fees		663,253
Printing / postage / advertising and storage of books and records		99,135
Bank charges		24,180
Agents' Fees		109,894
Office holder's expenses		3,092
Statutory costs		12
Total		17,830,509
Estimated expenses incurred but not paid as at 30 September 2011		
Wages, salaries and expenses of retained Company staff		2,500
Office holder's time costs		1,429,968
IT licence and system costs		3,000
Legal fees and expenses		22,619
Rent, rates, utilities and other office maintenance costs		4,000
Security		2,500
Professional / Consultancy fees	2	16,000
Bank charges		450
Office holder's expenses		57,419
Total		1,538,456
Total expenses		19,368,965

Notes

1. Comprising authorised pre administration fees of £106,236 and post administration fees of £4,620,467.

2. The total time cost charges incurred in the period covered by this report do not necessarily reflect the amount that will be drawn as remuneration by the Administrators for this period.

5. Statement of creditors' rights

The IR86 provide for creditors to request further information and challenge the Administrators' remuneration and expenses. The relevant provisions are as follows: -

Rule 2.48A Creditors' request for further information

(1) If—

- (a) within 21 days of receipt of a progress report under Rule 2.47—
  - (i) a secured creditor, or
  - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
- (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor,

makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2.47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2).

(2) The administrator complies with this paragraph by either—

- (a) providing all of the information asked for, or
- (b) so far as the administrator considers that—
  - (i) the time or cost of preparation of the information would be excessive, or
  - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
  - (iii) the administrator is subject to an obligation of confidentiality in respect of the information,

  giving reasons for not providing all of the information.

(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—

- (a) the giving by the administrator of reasons for not providing all of the information asked for, or
- (b) the expiry of the 14 days provided for in paragraph (1),

and the court may make such order as it thinks just.

(4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2.109(1B) by such further period as the court thinks just.".

5. Statement of creditors' rights

Rule 2.109 Creditors' claim that remuneration is or other expenses are excessive

(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4).

(1A) Application may be made on the grounds that—

(a) the remuneration charged by the administrator,
(b) the basis fixed for the administrator's remuneration under Rule 2.106, or
(c) expenses incurred by the administrator,

is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate.

(1B) The application must, subject to any order of the court under Rule 2.48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business]days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court *shall fix a venue for it to be heard*, and *give notice* to the applicant accordingly.

(3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it.

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

(a) an order reducing the amount of remuneration which the *administrator was entitled to charge*;
(b) an order fixing the basis of remuneration at a reduced rate or amount;
(c) an order changing the basis of remuneration;
(d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration;
(e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify;

and may make any other order that it thinks just; but an *order under sub-paragraph (b) or (c) may* be made only in respect of periods after the period covered by the relevant report.

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration.