

The Insolvency Act 1986

# Notice of result of meeting of creditors

# 2.23B

Name of Company Vange Scaffolding Limited	Company number 00561881
In the High Court of Justice, Chancery Division [full name of court]	Court case number 4557 of 2010

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

~~1/~~ We, (a) Mark Robert Fry and Kirstie Jane Provan of Begbies Traynor (Central) LLP, 32 Cornhill,  
London, EC3V 3BT

\* Delete as applicable

hereby report that \*a meeting / ~~an adjourned meeting~~ of the creditors of the above company was held at

(b) Insert place of meeting  
(c) Insert date of meeting  
\* Delete as applicable

(b) MWB Business Exchange on (c) 11 August 2010 at which -

\*1 ~~Proposals / revised proposals were approved~~

\*2 ~~Proposals / revised proposals were modified and approved~~

The modifications made to the proposals are as follows

(d) Give details of the  
modifications (if any)

(d) *That the Company move from administration to creditors voluntary liquidation in accordance with Section 83 Schedule B1 of the Act within one month of the first meeting of creditors and that Richard Hooper of Haslers Insolvency and Recovery Services and Kirstie Jane Provan of Begbies Traynor (Central) LLP be appointed joint liquidators*

\*3 ~~The proposals were rejected~~

(e) Insert time and date of  
adjourned meeting

\*4 ~~The meeting was adjourned to (e)~~

(f) Details of other resolutions  
passed

\*5 Other resolutions (f)



- (1) "That the Joint Administrators' remuneration be fixed by reference to the time properly given by the Joint Administrators (as Administrators) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP as detailed in the proposals, for attending to matters arising in the Administration"
- (2) "That the Joint Administrators be authorised to draw disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9), in accordance with their firm's policy, details of which accompanied *The Statement of Proposals of The statement of proposals of the Joint Administrators for achieving the purpose of the Administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2 33 of the Insolvency Rules 1986*
- (3) "That the Joint Administrators be authorised to draw the costs incurred before their appointment as set out in the document entitled *The statement of proposals of the Joint Administrators for achieving the purpose of the Administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2 33 of the Insolvency Rules 1986* "

The revised date for automatic end to administration is 11 September 2010

\*Delete as applicable A creditors' committee ~~\*was~~ / was not formed

Signed

  
Joint Administrator

Dated

18/08/10

\*Delete as applicable

A copy of the ~~\*original proposals / modified proposals / revised proposals~~ is attached for those who did not receive such documents prior to the meeting

#### 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.

Beggies Traynor (Central) LLP	
32 Cornhill, London, EC3V 3BT,	
	Tel Number 020 7398 3800
Fax Number 020 7398 3799 (Fax)	DX Number

Companies House receipt date barcode

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

Mark Robert Fry and Kirstie Jane Provan were appointed as Administrators on 2 June 2010

The affairs, business and property of the Company are being managed by the Administrators, who act as the Company's agents and without personal liability.

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## Vange Scaffolding Limited (In Administration)

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Statement of proposals of the Administrators for achieving the purpose of the Administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986

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The Administrators' statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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## 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Vange Scaffolding Limited (In Administration)
"the Administration"	The appointment of Administrators under Schedule B1 of the Insolvency Act 1986 on 2 June 2010
"the Administrators"	Mark Robert Fry and Kirstie Jane Provan of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(a) of the Insolvency Act 1986)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security; and  (ii) in relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(b) of the Insolvency Act 1986)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986
"Begbies Traynor"	Begbies Traynor (Central) LLP

## 2. STATUTORY INFORMATION

Name of Company	Vange Scaffolding Limited	
Trading name	None	
Date of Incorporation	25 February 1956	
Company registered number	00561881	
Company registered office	32 Cornhill, London, EC3V 3BT	
Former registered office	14 Brunel Road, Benfleet, Essex, SS7 4PS	
Trading address	14 Brunel Road, Benfleet, Essex, SS7 4PS	
Principal business activities	Construction - Scaffolding	
Directors and details of shares held in the Company:	Martin Alexander Pinch	200,000 25p ordinary shares
	Kelvin John Short	No shares held
Company Secretary and details of the shares held in Company	Stina Signe Moss	No shares held
Auditors:	Fncker & Co	
	155 Prittlewell Chase, Westcliff-on-Sea, Essex, SS0 0RR	
Share capital	£50,000	
Shareholders	Alexander Martin Pinch	

### 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of Administrators	Mark Robert Fry and Kirstie Jane Provan, licensed insolvency practitioners of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT
Date of Administrators' appointment:	2 June 2010
Date of Administrators' resignation	-
Court	High Court of Justice, Chancery Division
Court Case Number:	4557 of 2010
Person(s) making appointment / application	The Company
Acts of the Administrators.	The Administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are main proceedings within the meaning of Article 3 of the Regulation.

#### STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
  - (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), or
  - (c) realising property in order to make a distribution to one or more secured or preferential creditors
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
  - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-

- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
- (b) he does not unnecessarily harm the interests of the creditors of the company as a whole "

## 4. CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF ADMINISTRATORS

### Background

The Company was incorporated and began trading in February 1956. The Company provided scaffolding materials and maintenance staff to various power stations situated in England and Wales. At the date of the Administrators' appointment, the Company had contracts at the following sites.

- Staythorpe Power Station ("Staythorpe")
- Isle of Grain CHP Project ("Isle of Grain")
- Severn Power CCGT Uskmouth ("Uskmouth")
- Worthing Plant ("Worthing")
- Tilbury Power Station ("Tilbury")
- Littlebrook Power Station ("Littlebrook")
- Little Barford Power Station ("Little Barford")
- Purfleet Works ("Purfleet")
- Smurfit Kappa Snodland ("Snodland")
- Coryton Power Station ("Coryton")
- Medway Power Station ("Medway")

Each of the contracts at the above sites involved large quantities of Company owned/hired scaffolding materials used by and erected at the sites for long periods of time.

Martin Pinch is the 100% shareholder and director. He has significant experience in the industry. The day to day running of the business, however, was dealt with by the managing director, Kelvin Short. At the date of Administration, the Company employed approximately 354 employees.

The Company primarily dealt with maintenance projects that were generally long term contracts, some of which had been ongoing for over a decade. Under these contracts, the Company was required to provide staff on site in order to carry out ad hoc repairs throughout the duration of the project and to carry out weekly safety inspections. More recently the Company had begun to expand and undertake new build projects. These contracts were generally much shorter term contracts with a planned completion date, to coincide with the completion of the power station and included the dismantling of scaffolding previously erected.

As the Company expanded, it became necessary for them to hire additional equipment and employ more staff in order to complete the new contracts undertaken. This resulted in the Company employing more agency staff and increasing its own staff numbers by 288 in 2009.

In February 2010 it became apparent that the Company was unable to pay its debts as and when they fell due, it began to experience significant pressure from certain creditors. The cash flow difficulties can be attributed to losses incurred at an EBITDA level to December 2009 as a result of the rapid expansion and a reduction in gross margin due to intense competition driving down prices. At 1 February 2010 the Company was indebted to HM Revenue and Customs ("HMRC") for a total of approximately £1.26 million in relation to PAYE and NI for the months of November 2009 and December 2009. The Company was also indebted to, amongst other trade creditors, Rotamead Limited ("Rotamead") for the amount of £1.33 million, the majority of which related to historic invoices. Both HMRC and Rotamead indicated a willingness to support the Company and take no action on the basis that repayment plans were agreed and adhered to.



The directors, not willing to inject any further funds into the Company, realised that the Company's financial position needed to be addressed and took several measures in order to achieve this, including reducing the number of employees and agency staff used and exploring a sale of the business. Although there was an interested party, unfortunately a sale did not complete.

In light of the Company's financial position, Barclays Bank Plc ("Barclays") instructed David Abbott and Mark Fry of Begbies Traynor to conduct an independent business review of the Company. As part of the process, a Time To Pay arrangement was negotiated and agreed with HMRC, whereby the Company would pay monthly instalments on the arrears, whilst continuing to pay the current liabilities as and when they fell due. Due to the quantum of arrears and the ongoing lack of profits being generated, within three months the Company was in breach of its agreement with HMRC, resulting in HMRC threatening to present a winding up petition should the breach not be rectified by 31 May 2010.

Subsequent to the threat of a winding up petition being presented, Barclays instructed Begbies Traynor to carry out an independent solvency review of the Company in May 2010. Upon advice from Begbies Traynor and at a meeting of the Board of Directors held on 2 June 2010, the Board resolved that due to the financial position of the Company and in the absence of any further funding, the Company should be placed into Administration. The appropriate appointment documents were filed at court on 2 June 2010 at 11 01am, at which point the Company entered into Administration and Kirstie Jane Provan and Mark Robert Fry were appointed as Administrators. Lawrence Graham ("LG") were instructed by the Administrators to assist in the preparation of the statutory documents and to provide legal advice and assistance throughout the course of the Administration as and when required.

#### **Security over the Company**

Barclays hold the following security over the Company:-

- A full fixed and floating charge debenture created on 7 May 1997 and registered on 13 May 1997
- A legal charge over the Land at 14 Brunel Road, Benfleet, Essex, SS7 4PS
- The Bank has provided a guarantee to Barclays Mercantile Business Finance Limited ("BMBF") in relation to any shortfall resulting from the sale of BMBF owned assets.

## **5. THE ADMINISTRATION PERIOD**

#### **Actions upon appointment**

Shortly prior to appointment, the Administrators considered the options available to them as regards strategy. An immediate going concern sale was not an option due to a lack of interested parties and trading on was not considered feasible. The Administrators were advised by the Company that the weekly wages amounted to approximately £280,000, before NIC and PAYE. These were due for payment on the day of the Administrators' appointment. In addition, payment of the Company's insurance premium was in arrears, with approximately £82,000 outstanding at the date of Administration. The insurers had indicated that they would be unwilling to continue the cover unless the arrears were paid in full. The Administrators, had trading continued, would also have incurred monthly charges going forward of £52,000 under the Company's existing insurance policy.

Of crucial importance was the fact that there was no guarantee that continued trading would increase realisations for creditors, and the costs associated with trading were significant given the complexities on the various sites, as well as the prospective insurance costs. Therefore it was concluded that a controlled winding down of trading operations, whilst seeking a purchaser for individual contracts, would be the most appropriate strategy to enhance realisations.

Contact was made with each of the sites in order to establish whether they were willing to cover employee costs in order for the work on their sites to continue. The sites were not willing to meet these costs and accordingly the decision was taken to retain 26 key employees in order to assist where possible with the sale of the Company's assets and to ensure compliance with health and safety requirements on the sites whilst the Company still had scaffolding materials erected. The remaining 328 non essential employees were made redundant on 2 June 2010.

#### The Property

The Company owns a freehold property in Benfleet, which was the Company's head office. Sorrell Estate Agents have been instructed to assist with the sale of the Property and have placed it on the market with a guide price of £355,000. Numerous indications of interest have been received and the property is currently being formally marketed in order to obtain the maximum value for creditors. No formal offers have yet been received.

#### Tangible assets

The Administrators have instructed Hilco Appraisal Europe ("Hilco") to assist with the management and sale of certain of the Company's assets, which consist of the following:

- Scaffolding equipment situated at the various sites mentioned above,
- Numerous owned Company vehicles,
- Contracts entered into with the clients on each site

Immediately upon appointment Hilco attended the various sites and entered into a dialogue with site owners and main contractor representatives at each of the sites, as well as the retained Company staff, to seek to establish ownership, quantum and location of the assets. Due to the nature of the assets (eg scaffolding, tubing, advertising, boarding etc) this has proved to be a fairly protracted process. Whilst trading, the scaffolding poles and boards were regularly cut down as required on each particular site which caused identification issues. As a result, complications have been experienced in ascertaining which of the Company's assets were caught under the BMBF lease agreements, which were owned by the Company and which were on hire from third parties. It was essential to establish this before proceeding with any sale. In addition, the various sites initially refused to allow the Administrators and Hilco access, further delaying the identification and subsequent sale process.

Following their appointment, the Administrators and their agents approached known interested parties with regards to a sale. Enquiries were also made of parties operating in the scaffolding industry. The majority of the Company stock and equipment has been valued and sold on an in situ basis, details of sales to date are set out in the following tables. It should be noted that realisations were likely to have been negligible in the event that in situ sales were not achieved and stock had to be removed and sold ex situ.

#### **Sale of contracts and assets to C&D completed on 10 June 2010**

Site	Description of assets	Amount exc. VAT £
Worthing	Site contracts	8,500
	Plant, Machinery, Vehicles	6,500
	Scaffolding and Ancillary items	85,000
<b>TOTAL</b>		<b>100,000</b>

The scaffolding equipment on the Worthing site was valued by Hilco at £80,000. The main client at the Worthing site was Glaxo SmithKline ("GSK"), the pharmaceutical company GSK produces penicillin at this location and it was discovered subsequent to appointment that all scaffolding equipment present at the site may be contaminated, with the consequence that all scaffolding boards would likely have to be incinerated on site and all tubes and fittings sprayed with chemicals for three months before they could be used on alternative sites. Therefore Hilco recommended acceptance of the offer of £100,000.

**Sale of contracts and assets to C&D completed on 21 June 2010**

Site	Description of assets	Amount exc VAT £
Snodland	Contracts and Scaffolding materials	7,200
Coryton	Contracts and Scaffolding materials	7,000
Purfleet	Contracts and Scaffolding materials	14,000
<b>TOTAL</b>		<b>28,200</b>

The Company contracts were novated to C&D in an attempt to mitigate any losses which may have arisen by way of potential claims from the sites in the event that the contracts were not completed by the Company.

The scaffolding materials on the above sites were valued in-situ at £22,000 by Hilco. Therefore the offer of £28,200 was accepted, based on Hilco's recommendation.

**Sale of Company assets to Interserve completed on 24 June 2010**

Site	Description of assets	Amount exc. VAT £
Uskmouth	Fuel Proof Fuel Bund	300
	Office furniture and cabin contents	500
	Broadband satellite dish	250
	Laher staircase	1,000
<b>TOTAL</b>		<b>2,050</b>

The offer of £2,050 was accepted on the basis that Hilco had given the above plant and machinery an in situ value of £1,000. These funds have been received by Hilco and will be transferred into the Administration account in the very near future.

**Sale of Company assets to Rotamead completed on 30 June 2010**

Site	Description of assets	Amount exc. VAT £
Isle of Grain, Staythorpe & Uskmouth	Scaffolding (Barclays)	165,729
	Ancillary equipment	75,057
	Agricultural trailers	5,500
	Additional payment	75,000
<b>TOTAL</b>		<b>321,286</b>

The additional payment of £75,000, included as part of the sale of certain assets to Rotamead, relates to a stock transaction that took place prior to the date of Administration. The Administrators accepted this offer on the basis of advice received from LG and Hilco.

Amongst the assets sold to Rotamead were the assets caught under the BMBF lease agreements, which were valued by Hilco at £160,000. Following receipt of the offer for these charged assets of £166,000 and advice from Hilco, BMBF agreed to the Administrators accepting the offer on their behalf. The proceeds of the sale of these assets have been remitted to BMBF.

The scaffolding materials, including the BMBF assets and plant and machinery on these sites were valued by Hilco at a total of £249,650. Rotamead's offer was considered reasonable based on the complications that would be involved in identifying the ownership of the assets being purchased and then seeking their removal.

**Sale of Company assets to C&D completed on 23 July 2010**

Site	Description of assets	Amount exc. VAT £
Medway	Scaffolding materials	57,200
<b>TOTAL</b>		<b>57,200</b>

Hilco attributed an in situ value of £61,000 to the scaffolding material at Medway. Although the offer received from C&D was less than this initial valuation, Hilco advised that the cost of repatriation of the scaffolding would be approximately £4,000. In addition, should a quick sale not be achieved, there would be additional storage and removal costs. Therefore Hilco considered that it would be in the best interest of creditors to accept the offer of £57,200.

**Further asset sales**

The scaffolding and ancillary equipment present on the Tilbury and associated sites, excluding the Medway site, are currently under offer and a sale is expected to be completed within the next seven days. The Administrators anticipate that approximately £115,000 will be realised in relation to these assets.

There remains a small amount of residual material and vehicles to be realised, which have an estimated to realise value of £14,500. Hilco are in the process of seeking purchasers for these assets.

A Company car has been sold to an ex-employee of the Company for £2,000 on the advice of Hilco. Lifting blocks that were being held at the Company headquarters have been sold to C&D for £325; these assets had minimal value. The sale proceeds for these assets have been received by Hilco and will be transferred into the Administration account shortly.

### Company debtors

The Company invoiced its clients on a monthly basis. The Company would value the work carried out each month and submit this valuation to the client, who would then (if agreed) issue a payment certificate. Upon receipt of this certificate, the Company would issue an invoice. At the date of Administration, the Company had invoiced all work carried out in March and April 2010 and was awaiting receipt of funds, estimated to total £910,000. None of the work carried out by the Company during May 2010 had been invoiced at the date of Administration.

Included within the sum due for March and April 2010 are invoices totalling approximately £625,000, which were issued to a client that has subsequently entered into an insolvency process in Belgium. A claim has been submitted in relation to these invoices, although it is not known at this stage whether any recoveries will be made.

Valuations for the work completed in May 2010 have now been completed and submitted to the clients and total £2 million. However, some of the clients have indicated that they will pursue claims under penalty clauses in relation to the Company being unable to complete the various contracts, which, if successful, will impact on the level of any anticipated realisations. Generator Management Services ("GMS") have been instructed to carry out a review of the contents and to pursue the outstanding balances including work in progress on behalf of the Administrators. Where possible, the Administrators have novated client contracts to those companies which purchased the Company's assets in order to attempt to mitigate any loss to the client and reduce the level of potential counterclaims.

### Insurance

The Company was previously insured through LFC Insurance Group ("LFC") and paid a monthly premium of approximately £56,000. The high cost of the premium was due to the high risk nature of the work being carried out by the employees. Initially Willis, Begbies Traynor's insolvency open cover insurers, would only offer cover for a maximum period of seven days and, as such, Willis were instructed to enter into negotiations with LFC in order to ensure that adequate insurance cover remained in place during the Administration period. However, as the Company had ceased trading and the retained employees were no longer carrying out maintenance on the erected scaffolding, it was established that Willis would be able to provide annual cover for approximately £20,000 and the high risk cover was no longer required. This insurance cover has been in place since the date of the Administrators' appointment.

On 5 June 2010 the property at 14 Brunel Road was struck by lightning, causing the Company computer system to be seriously disrupted and vital information was temporarily lost. A claim for the costs of recovering the information and the damage to the IT equipment will be made via the insurers shortly. The Administrators incurred costs of £2,500 in dealing with this issue and the restoration of the IT system.

Shortly after the Administrators' appointment an employee's Company car was stolen and a small number of other Company assets were stolen from the Tilbury site, claims for which will also be submitted shortly. These incidents have been reported to the police.

### Employees

As detailed above the Company employed 354 employees at the time of our appointment, 26 of whom were retained by the Administrators. Following our appointment, four employees resigned on 3 June 2010 and a further fourteen employees have been made redundant due to Company assets being sold and there no longer being a requirement to retain these employees. The eight remaining staff continue to be retained in order to assist with the final sales of assets, invoicing clients for works carried out in May 2010 and the essential staff required to continue the payroll. The employee wages since the date of our appointment have amounted to £71,000 and have been paid as an expense of the Administration out of asset realisations.

The employees were unpaid from 24 May 2010 up to the date of Administration. Former employees have submitted RP1 forms in respect of their wage arrears, holiday pay and redundancy pay. These forms were sent to the Redundancy Payments office on 12 July 2010 along with the required Form RP14A completed by the Administrators.

It proved necessary for a representative from the Redundancy Payments Office to attend the Company premises in order to review the records and establish what they were prepared to consider paying and how the claims should be submitted. Please note that not all employee claims have yet been received.

#### **Leasehold yard**

The Company leased a yard on Manor Trading Estate from G&K Groundworks Limited ("G&K"). The yard was used to store scaffolding materials and was where any necessary alterations were carried out on materials returned from the various sites. The Administrators have agreed with the landlord that they will continue to use the yard until the end of August 2010. The associated costs of rental total £5,500 and these costs have been met from the funds received in the Administration.

#### **Pensions**

The retained employees' pension contributions have continued to be deducted from their wages and will be paid over to the relevant pension schemes in due course. To date this amounts to approximately £1,000.

#### **Receipts and Payments**

##### **Receipts**

Since the date of appointment an amount of £187,000 has been received in respect of outstanding Company debtors.

As detailed previously in the report, £511,000 has been realised in respect of the sale of Company assets and the amount of £166,000 has been paid out of these funds to BMBF in respect of their leased assets.

##### **Payments**

£5,500 has been paid to G&K in respect of rental payments relating to the yard, as detailed earlier in this report.

£2,500 has been paid to Protec UK in respect of the IT support that has been necessary as a result of the lightning incident.

To date £71,000 has been paid in respect of the retained employees' wages.

£400 has been paid in respect of utility charges for the property at 14 Brunel Road.

Payments will be made in due course to all agents instructed by the Administrators, namely LG, Hilco and GMS. Please see point 1.10 of the "summary of office holder's time costs" included in appendix (iii) for details of the Administrators' current costs.

Attached at Appendix (i) is the Administrators' receipts and payments account from the commencement of Administration, 2 June 2010, to 26 July 2010 incorporating their projected outcome for creditors.

#### **Other Matters**

The Administrators are obliged to make a submission to the Department for Business, Innovation and Skills ("DBIS") on the conduct of the officers of the Company in accordance with the Company Directors

Disqualification Act 1986 The Administrators' investigations are on-going The report and any correspondences with DBIS are confidential and its content is not available to the general body of creditors

#### **Reason for Company's failure**

- The Company's over expansion during 2009, increasing employee numbers and the lack of funds to continue trading
- Increasing competition driving down profits and margins
- The Company being unable to pay its debts as and when they fell due, resulting in threats of winding up petitions being issued by HMRC

## **6. STATEMENT OF AFFAIRS**

The directors' estimated statement of affairs as at 2 June 2010 is attached at Appendix 2. It makes no provision for the costs of the Administration or any subsequent liquidation or voluntary arrangement.

Our comments on the estimated statement of affairs are as follows

#### **Assets subject to fixed charge**

As detailed earlier in this report, the freehold property is subject to a fixed charge granted in favour of Barclays Bank Plc. Barclays does not have any exposure under this fixed charge and therefore funds generated from the sale of the property, less the cost of realisation, will be made available for unsecured creditors Sorrell Estate Agents have placed the property on the market with a guide price of £355,000

#### **Assets subject to Barclays Mercantile Lease Agreement**

Certain scaffolding and ancillary equipment present at the Uskmouth, Staythorpe and Isle of Grain sites were subject to a lease agreement with BMBF A cross collateralisation agreement is in place, the effect of which was to allow BMBF to rely on the debenture given to Barclays in 1997 to recover any shortfall resulting from the sale of the BMBF owned assets from assets caught under the debenture The Administrators will be assessing the validity of this agreement in due course in conjunction with LG

#### **Assets subject to floating charge**

##### ***Cash at bank***

Cash at bank at the date of appointment amounted to £1,630,000

##### ***Cash in hand***

This relates to the petty cash that was kept at each of the sites on which the Company operated The majority of the petty cash was used in order to pay retained employees' expenses.

##### ***Book debts***

According to the Company's records, book debts as at the date of appointment totalled approximately £1.2 million The directors have estimated that a total of £750,000 will be recovered Included within the £1.2 million was an amount of £950,000 due from Montage Vermessen, a company based in Belgium which has itself entered into an insolvency procedure The Administrators have submitted a claim for the outstanding amount, but at present no information is available regarding potential distributions to unsecured creditors

##### ***Plant and equipment***

The directors have estimated that £400,000 will be realised from the sale of the Company's plant and equipment This is in line with the Administrators' current estimate.

### *Work in progress*

According to the Company's records, the work in progress has a book value of £2 million and the directors have estimated that a total of £1.2 million will be recovered. The work in progress relates to work completed in May 2010 but which had not been invoiced at the date of the Administrators' appointment.

As detailed earlier in this report, GMS have been instructed to carry out a review of the contracts and assist in the recovery of the WIP. The client's valuations for work carried out in May 2010 are expected within the next four to five weeks, at which point the Administrators, in conjunction with GMS, will be able to estimate the level of recoveries more accurately.

### *Unsecured non-preferential creditors*

Creditors' claims are subject to agreement and will not be prejudiced by omission from the directors' statement of affairs or by inclusion at a different amount from that claimed.

The estimated total deficiency is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.

## **7. ADMINISTRATORS' PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION**

### **Purpose of the Administration**

We are required to set out our proposals for achieving the purpose of the Administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above.

For the reasons set out in our report, we presently consider that it is not reasonably practicable to achieve the objective specified in sub-paragraph 3(1)(a), and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(b), namely 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).

In accordance with paragraphs 3 and 49 of Schedule B1 of the Act, the Administrators propose that:

- (a) The Administrators take all necessary actions to preserve the value of the Company's assets.
- (b) The Administrators realise the assets of the Company for the benefit of the creditors and instigate any Court actions deemed of value to the Company and its stakeholders.
- (c) The Administrators propose to make applications to Court as they deem fit at any time for directions in relation to any particular matter arising in connection with the carrying on of their functions.
- (d) The Administrators investigate any antecedent transactions which may have detrimentally affected the Company's financial position.
- (e) The Administrators may make a distribution to secured or preferential creditors in accordance with the requirements of the Act and, if appropriate, may make an application to the Court for payments to unsecured creditors.



- (f) The Administrators exit the Administration by way of either dissolution or a creditors' voluntary liquidation at such time as the Administrators consider that one or more of the purposes of the Administration as set out in paragraph 3 above have been achieved. If the exit route is by way of a creditors' voluntary liquidation, it is proposed that Kirstie Jane Provan and Mark Robert Fry be appointed Joint Liquidators of the Company
- (g) That the Administrators be discharged from liability under Paragraph 98 of Schedule B1 to the Act on ceasing to be Administrators of the Company
- (h) These proposals shall be subject to such modifications or conditions as the Court may approve or impose, or any modification approved by creditors
- (i) That, if no creditors' committee is formed, fees be fixed in accordance with Rule 2.106 of the Rules by reference to time properly given by the Administrators and their staff in attending to matters arising during the Administration and that they may draw their remuneration on account as and when funds permit. (Further detail is outlined later in this respect.)
- (j) That the Administrators be authorised to draw disbursements in accordance with the explanatory note on the subject, which accompanies this report.
- (k) Should the Company later enter into creditors' voluntary Liquidation that the Joint Liquidators' fees be based on time costs
- (l) That, if necessary, the Administrators may apply to creditors or to Court for an extension of the Administration.

**The manner in which the affairs and business of the company will, if the Joint Administrator's proposals are approved, continue to be managed and financed.**

In order that the purpose of the Administration may be fully achieved, we propose to remain in office as Administrators in order to conclude the realisation of the Company's property and effect a wind down of the Company's affairs

The principal matters to deal with in this respect are

- completing the sale of the remaining Company assets, namely the property at 14 Brunel Road and the tangible assets,
- the collection of debts and work in progress in respect of contracts between the Company and various clients,
- the statutory reporting requirements in respect of the conduct of the directors; and
- dealing with our residual statutory obligations

Following these events we propose to finalise distributions to the secured and preferential creditors

#### ***Exit from Administration***

We are of the opinion that the total amount which each secured creditor of the Company is likely to receive will be paid or set aside and that a distribution will be made to the unsecured creditors of the Company<sup>1</sup>

Administrators do not have a general power to make a distribution to unsecured creditors and may only do so if the court gives permission. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally there may be matters for enquiry concerning a company's affairs

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<sup>1</sup> Insolvency Act 1986, Sch B1, para 83(1)

which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator

Consequently, as soon as we are satisfied that we have fully discharged our duties as Administrators and that the purpose of the Administration has been fully achieved, we propose to implement the provisions of Paragraph 83 of Schedule B1 to the Act whereby on the registration of a notice sent to the Registrar of Companies, our appointment as Administrators shall cease to have effect and the Company will automatically be placed into creditors' voluntary liquidation. Paragraph 83(7) provides

*The Liquidators for the purpose of the winding up shall be-*

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or*
- (b) if no person is nominated under paragraph (a), the administrator*

We confirm that as part of our proposals we propose that we act as Joint Liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors' approval, with or without modification, of the Administrators' proposals.

It is proposed that for the purpose of the winding up, any act required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of the persons for the time being holding office.

#### **Section 176A Fund for Unsecured Creditors**

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a prescribed part of the Company's net property available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. Net property means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The prescribed part of the Company's net property is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part of net property* if:

- ☐ the *net property* is less than £10,000 and the administrator thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

To the best of the Administrators' knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

### Pre-Administration costs

In the period before the Company entered Administration, the Administrators carried out work consisting of the finalisation of the Administration strategy and the preparation of documents needed immediately upon appointment. A detailed breakdown of these costs is shown in the table below.

	Director	Assistant Manager	Senior Case Administrator	Total Hours	Total cost	Avg Rate
Pre-appointment	3 00	1 60	3 50	8 10	2,107	
Total Cost	1,125	352	630		2,107	260

Total time spent to date on pre-appointment activity amounts to 8 10 hours at an average composite rate of £260, resulting in total pre-appointment time costs of £2,107 plus VAT

The Administrators have yet to draw any remuneration in relation to the pre-Administration costs detailed above. The Administrators are seeking the costs be paid as an expense of the Administration. Pursuant to Rule 2.67A of the Rules, approval to pay such costs as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, by way of a resolution of creditors.

### Administrators' Remuneration

The Administrators propose that the basis of their remuneration be fixed under Rule 2.106 of the Rules by reference to the time properly given by them (as Administrators) and the various grades of their staff calculated at the prevailing hourly rates of Begbies Traynor in attending to matters arising in the Administration.

It is for the creditors' committee to approve the basis of the Administrators' remuneration under Rule 2.106 of the Rules, but if no such committee is appointed it will be for the creditors to determine at the initial meeting.

Appendix (iii) sets out the Administrators' firm's hourly charge out rates and the time that they and their staff have spent in attending to matters arising in the Administration since their appointment.

### Administrators' disbursements


The Administrators propose that disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9) be charged in accordance with their firm's policy, details of which are set out at Appendix (iii). These disbursements will be identified by the Administrators and subject to the approval of those responsible for determining the basis of the Administrators' remuneration.

## 8. CONCLUSION

Once the sale and/or repatriation of all Company assets has been completed, the main outstanding issues will be the collection of any amounts due under the contracts between the Company and its various clients, although as previously explained, these amounts may be subject to penalty charges and set off, which means that realisations at this stage remain uncertain.

Pursuant to paragraph 51 of Schedule B1 to the Act, the Administrators' proposals will be considered at an initial meeting of the Company's creditors being held on 11 August 2010 and summoned in accordance with the Notice of Meeting (Form 2.20B) accompanying this document.

Subject to the approval of the Administrators' proposals at the initial creditors' meeting we will report on progress again approximately six months after the commencement of the Administration, or at the conclusion of the Administration, whichever is the sooner

A handwritten signature in black ink, appearing to be 'Kirstie Provan', written over a circular stamp or seal.

**Kirstie Provan**  
Joint Administrator

Date 27 July 2010

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**ADMINISTRATORS' ACCOUNT OF RECEIPTS AND  
PAYMENTS, INCORPORATING ESTIMATED  
OUTCOME FOR CREDITORS**

**2 JUNE 2010 TO 26 JULY 2010**

## Appendix I

**Notes:** 1. Society's sole account acting on behalf of the Administrators, have placed the priority on the market with a guide price of £355,000. The estimated to realise value has been reduced for redundancy

**DIRECTORS' ESTIMATED STATEMENT OF  
AFFAIRS AS AT 2 JUNE 2010**

**Statement of affairs**

Name of Company: Vange Scaffolding Limited	Company number 00561881
In the High Court of Justice, Chancery Division <small>[full name of court]</small>	Court case number: 4557 of 2010

(a) Insert name and address of  
registered office of the CompanyStatement as to the affairs of (a) Vange Scaffolding Limited, 14 Brunel Road, Benfleet, Essex, SS7 4PS  
on the (b) 2 June 2010, the date that the company entered Administration

(b) Insert date

**Statement of Truth**

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 2 June 2010, the date that the company entered Administration

Full name.

MARTIN ALEXANDER FRANKLIN PINCH

Signed:



Dated

~~2 June 2010~~

16 July 2010.



Rule 2 29

Form 2 15B

## Statement of concurrence

Name of Company  
Vange Scaffolding Limited

Company number:  
00561881

In the High court of Justice, Chancery  
Division, Companies Court

[full name of court]

Court case number:

4557 of 2010

(a) Insert full name and address  
of registered office of company  
to which statement of affairs  
relates

(b) Insert date statement of truth  
on the statement of affairs was  
made

(c) Insert full name of person  
who made the statement of truth  
on the statement of affairs being  
concurred with

(d) Insert full name and address  
of person making statement

\*Delete as applicable

With regards to the Statement of Affairs of (a) Vange Scaffolding Limited, 14 Brunel  
Road, Benfleet, Essex, SS7 4PS ("the Company")

made on (b) 16<sup>th</sup> July 2010

by (c) MARTIN ALEXANDER FREDERICK PINCH.

### Statement of Truth

I, (d) KELVIN JOHN SHORT.

3 HOUSLON DRIVE, CHELMSFORD, ESSEX. CM2 8SE

\* concur with the Statement of Affairs of the above company and I believe that the facts  
stated in the Statement of Affairs are a full, true and complete statement of the affairs of the  
company on the date that it entered administration

OR

\*concur with the Statement of Affairs of the above company, subject to the following  
qualifications

(e)

and believe that, subject to these qualifications, the facts stated in the statement of affairs  
are a full, true and complete statement of the affairs of the company on the date that it  
entered administration

Full name KELVIN JOHN SHORT.

Signed [Signature]

Dated: 16<sup>th</sup> July 2010.

(e) Please list matters in the  
statement of affairs which you  
are not in agreement with, or  
which you consider to be  
erroneous or misleading, or  
matters to which you have no  
direct knowledge and indicate  
reason for listing them

## A - Summary of Assets

### Assets

	Book Value £	Estimated to realise £
<b>Assets subject to fixed charge:</b>		
Freehold Property	260,000 00	245,000 00

### Assets subject to Barclays Mercantile Lease Agreement

	Book Value	Estimated to realise
Plant and equipment	<u>423733 00</u>	200000 00
Less		
Amount due to Barclays Mercantile		<u>382885 00</u>
<b>Shortfall to Barclays Mercantile</b>		182885 00
Less		
Cash at Bank under Cross Collateral Agreement		182885 00
<b>Shortfall/Surplus to Barclays Mercantile</b>		<u><u>0 00</u></u>

### Assets subject to floating charge:

Cash at bank	1,487,575 00	1,487,575 00
Cash in hand	1,823 00	1,823.00
Book debts	1,206,632.00	750,000.00
Plant and equipment	668,700 00	400,000.00
Work In Progress	2,079,378 00	1,200,000 00

<b>Estimated total assets available for preferential creditors</b>	<u><u>5,704,108 00</u></u>	<u><u>4,084,398 00</u></u>
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Signature  .....

Date 16th July 2010

## A1 - Summary of Liabilities

	Estimated to realise
	£
Estimated total assets available for preferential creditors carried from page A	£ 4,084,398 00
<b>Liabilities</b>	
Preferential creditors - Employee claims for wages and holiday pay	428,000.00
<b>Estimated surplus as regards preferential creditors</b>	<u>3,656,398 00</u>
Employee unsecured claims	440000 00
Unsecured non-preferential claims	<u>4272830 11</u>
	<u>4,712,830.11</u>
<b>Estimated deficiency as regards non-preferential creditors</b>	(1,056,432.11)
Issued and called up capital	50,000 00
<b>Estimated deficiency as regards members</b>	<u><u>(1,106,432 11)</u></u>

Signature -  .....

Date - 16th July 2010

Vange Scaffolding Ltd  
Statement of Affairs  
at 2 June 2010

Name	Address	Amount £	Security Held
<b>Unsecured Creditors</b>			
Alhed Welding	5A Armstrong Road, Manor Trading Estate Benfleet Essex SS7 4PW	17,082 27	None
ABC Taxis	83 High Street Benfleet Essex Ss7 1ND	53.60	None
Autoglass		191 72	None
Arco Ltd	PO Box 21 Head Office, Waverley Street Hull HU1 2SJ	69 09	None
Arval Ltd	Arval Centre, Windmill Hill Swindon SN5 6PE	49 38	None
Barclay Tarpaulins	New Beke Hall, Beke Hall Chase South Rayleigh Essex SS6 9EX	564 00	None
Befleet Scrap Co Ltd	Unit 16 Brunel Road, Manor Trading Estate Benfleet Essex SS7 4PS	399 50	None
Beaver Management	Royal Middlehaven House, 21 Gosford Street Middlesborough TS2 1BB	522,345.28	None
Bluebridge Engineering	36 Bridge Street Writtle Essex CM1 3EX	3,533 44	None
Barry Training Services	Sully Moors Road Sully, Vale of Glamorgan CF64 5YU	270 25	None
Canvey Supply	101 Point Road Canvey Island Essex SS8 7TJ	263 28	None
Cordstrap Ltd	Paddock Road, West Primbo Skelmesdale WN8 9PL	1,312.01	None
CPS Commercials	48 Victoria Industrial Park, Victoria Road Dartford Kent DA1 5AJ	804 09	None

*ph.p*

Name	Address	Amount	Security Held
Culligan International	10 Centre, Radway Road, Stratton St Margaret	185.87	None
Covent Plant Ltd	Swindon Wiltshire SN3 4WH Flemings Farm, Flemings Farm Road	4,018.50	None
CLS Selfdrive	Eastwood Essex SS9 5QT Park Farm, Dynsdale	11,123.41	None
Clarkes Facilities	Guisborough Cleveland TS24 6RQ 4 Deanery Gardens	565.48	None
Chubb Fire Ltd	Newport Gwent NP20 4ER 400 Dallow Road	326.18	None
Digital Office Supplies	Luton LU1 1UR 7 Craftsman Square, Temple Farm Ind Estate	54.47	None
DCMS UK Ltd	Southend-on-Sea Essex SS2 5RH 1&2 Whisby Lodge, Hillcroft Business Park	4,107.80	None
Driver Hire Southend	Whisby Road Lincoln LN6 3FE Suite 2N Sothgate House, Town Square	1,816.05	None
Essex Fork Trucks	Basildon Essex SS14 1BN 410 Clay Hill Road, Vange	1,722.06	None
Ellhott Group Ltd	Basildon Essex SS16 4EZ The Fen	7,075.98	None
ECIA	Boston, Peterborough PE6 9PT 5th Floor Broadway House, Tothill Street	15,625.86	None
Four Elms Service Station	London SW1H 9NS Main Road, Chattenden	598.94	None
First Intervention Training	Rochester Kent ME3 8LL The Training Centre, Coryton Refinery Cont Compound	1,562.76	None
GD Environmental	West Site, Stanford Le Hope Essex SS17 9LL Unit 19 East Bank Road, Felhex Industrial Estate	101.75	None
GB Office Group Ltd	Newport South Wales NP19 4PP Ranger House, Etruria Road	563.75	None
GBS London Ltd	Hanley Stoke on Trent ST1 5NH 308 Channelsea House, Canning Road	6,930.98	None
	London E15 3ND		



Name	Address	Amount	Security Held
G&K Groundworks	Unit 30 Manor Trading Estate Benfleet Essex SS7 4PS	2,154 16	None
Harris Commercial	601 London Road, West Thurrock Grays Essex RM20 4AU	39 66	None
Hewden Services Ltd	1 Ellismuir Way, Tannoehside Park Uddingston Glasgow G71 5PX	1,333 39	None
HM Revenue & Customs	3rd Floor North West, Queens Dock Liverpool L74 4BJ	PAYE 662PP9640 2,194,140 89	None
HM Revenue & Customs	3rd Floor North West, Queens Dock Liverpool L74 4BJ	VAT 250 5590 71 1,421,544 07	None
Johnsons Apparel Master	383 London Road Hadleigh Essex SS7 2BU	1,447 78	None
Leachs	8 Station Road North Egham Surrey TW20 9LF	1,678.54	None
Marden Signs & Designs	Unit 30 Brunel Road Benfleet Essex SS7 4PS	1,086 88	None
Map Plant	Brunswick House, Ripple Road Barking Essex IG11 0SL	893 00	None
R C Marshall	Y, Sgubor Chapel Road Goldcliff Newport South Wales NP18 2BB	1,598 00	None
Mousehouse Scaffold	43 Old Road, Whaley Bridge High Peak SK23 7HS	493.50	None
New Millennia Services	Kingston House, Manchester Road Hyde Cheshire SK14 2BZ	5,879.70	None
Novadata Ltd	3 Blackwell Drive, Springwood Industrial Estate Braintree Essex CM7 2QJ	49 94	None
Lamb Creative	Studio 204, 116 Commercial Street London E1 6NF	285 53	None
PCB Electrical Services	42 Thornyville Villas, Oreston Plymouth Devon PL9 7LB	112 80	None
Procomm Site Services	PO Box 1949, Coverdale Court Wilton International, Redcar TS10 4YG	7,584 39	None

Name	Address	Amount	Security Held
Protruck 2000	Unit 30B Brunel Road, Manor Trading Estate Benfleet Essex SS7 4PS	42 30	None
Pallets Unlimited	Barleycroft Works, Furneux Pelham Buntingford Hertfordshire SG9 0LL	99 88	None
RDB Services	The Forge, Ockendon Road North Ockendon, Upminster Essex RM14 3PS	1,436 93	None
Rotamead Ltd	Essex Works, Hawk Lnæ Battlesbridge Essex SS11 7RL	5,302 48	None
P A Risk Commercial	4 John Street Grays Essex RM17 6ED	748 19	None
RJ Printers Ltd	Unit 10B West Station Yard Ind Estate, Spital Road Maldon, Essex CM9 6TR	393 63	None
Riches Cleaning	25 Holbrook Close Billericay Essex CM11 2NG	105 75	None
The Sunlight Service	Hollinswood House, Stafford Park 1 Telford Shropshire TF3 3DD	76 14	None
RC Stretchfield Ltd	Unit 10 Witham Brook Ind Park, Londonthorpe Road Grantham, Lincs NG31 3LH	1,723 42	None
Stephens Fuel Oil Ltd	Baltic Works, Old Town Dock Newport NP20 2BW	529 20	None
SGS United Kingdom Ltd	Rossmore Business Park, Ellesmere Port Cheshire CH65 3EN	530.34	None
Toomey Hire & Leasing	Service House, West Mayne Basildon Essex SS15 6RW	1,168 42	None
Thurrock 4 x 4 Centre Ltd	Oliver Road, West Thurrock Grays Essex RM20 3ED	1,407 07	None
Tyrefix Midlands Ltd	Unit 3 Hill Lane Ind Estate, Markfield Leicestershire LE67 9PY	7,318 72	None
Total Butler	PO Box 1024, County House Cheltenham GL50 9HG	495 33	None

1772

Name	Address	Amount	Security Held
Treste Hire & Sales Ltd	Broombank Road Chesterfield Trading Estate Sheepbridge, Chesterfield S41 9QJ	4,994.66	None
TMS Ltd	5 Broughton Pumping Station, Brake Lane Boughton Newark NG22 9HQ	1,668.51	None
Timetarget	Rusby Lodge, 32 Park Avenue Eastwood Essex SS9 5XB	699.13	None
Water for Work	PO Box 509 Conway House, Pattenden Lane Tonbridge TN11 2 9XZ	450.03	None
		<u>4,272,830.11</u>	

Signature:-  .....

Date: 16th July 2010



Vange Scaffolding Ltd  
Statement of Affairs  
at 2 June 2010  
Shareholders

Name	Address	No Shares held	Nominal value of each share	Total value £	Details of shares held
Mr M A Pinch	Ravens, Maypole Road, Maldon, Essex CM9 4SX	200,000	25p	50,000.00	Ordinary
Total				<u>50,000 00</u>	

Signature -  .....

Date: 16th July 2010

## ADMINISTRATORS' TIME COSTS AND EXPENSES

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Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. In the absence of a creditors' committee, details of time incurred and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the Administrators' licensing bodies

Total time spent to date on this assignment amounts to 494 60 hours at an average composite rate of £245 per hour resulting in total time costs to date of £111,166

To assist creditors in determining this matter, the following further information on time costs and expenses are set out

- Begbies Traynor (Central) LLP's policy for re-charging expenses
- Begbies Traynor (Central) LLP's charge-out rates
- Narrative summary of time costs incurred
- Table of time spent and charge-out value

In addition a copy of *A Creditors' Guide to Administrators' Fees* is available on request. Alternatively, the guide can be downloaded from:

[http://www.begbies-traynorgroup.com/Files/A%20Creditors%20Guide%20to%20Administrators%20fees%20\(2010\).pdf](http://www.begbies-traynorgroup.com/Files/A%20Creditors%20Guide%20to%20Administrators%20fees%20(2010).pdf)

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## **BEGBIES TRAYNOR CHARGING POLICY**

### **INTRODUCTION**

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance<sup>1</sup> requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance<sup>2</sup> requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

### **OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES**

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

### **EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES**

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting;
- Car mileage is charged at the rate of 40 pence per mile;
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates.

<sup>1</sup> Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales (Effective 1 April 2007)

<sup>2</sup> *Ibid* 1

- *[Expenses which should be treated as Category 2 disbursements (approval required) – in addition to the 2 categories referred to above, best practice guidance indicates that where payments are made to outside parties in which the office holder or his firm or any associate has an interest these should be treated as Category 2 disbursements]*

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

#### **BEGBIES TRAYNOR CHARGE-OUT RATES**

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the London office as at the date of this report are as follows

<b>Grade of staff</b>	<b>Charge-out Rate (£ per hour)</b>
Partner 1	495
Partner 2	395
Director	375
Senior Manager	350
Manager	250
Assistant Manager	220
Senior Administrator	180
Administrator	150
Junior Administrator	150
Support	150

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in units of 0.10 of an hour (i.e. 6 minute units)

## SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME Vange Scaffolding Limited  
CASE TYPE Administration  
OFFICE HOLDERS Mark Robert Fry and Kirstie Provan  
DATE OF APPOINTMENT 2 June 2010

### 1 CASE OVERVIEW

- 1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

### 1.2 Complexity of the case

#### *Identification of assets*

As detailed in the report the Company owned and hired a large amount of scaffolding materials that were located at various sites in England and Wales

A major challenge for the administrators was the securing and identification of Company assets, in particular, the scaffolding tubes and boards. These materials were regularly cut down and adjusted in order to meet the requirements of specific jobs. The Company owned materials were also intermingled with both material on hire from Rotamead, Rotamead owned scaffolding which was not on hire to the Company but was present on the sites, and material subject to the BASF lease agreements. It was essential to identify and separate all Company owned assets in order to secure a sale of the same. Therefore a substantial amount of time has been spent by both the Administrators and their agents in this regard

#### *Employee claims*

Due to the number of employees and the nature in which they were paid, processing the RP1 forms has been a very time consuming exercise. The Administrators and their staff have been in regular contact with the Redundancy Payments Office, representatives of which have attended the Company's head office in order to review the Company records

To date, the claims of 285 employees have been processed by the Administrators' staff and have been submitted to the Redundancy Payments Office

### 1.3 Exceptional responsibilities

At the date of Administration, the Company hired numerous vehicles from vehicle leasing companies. A number of leased vehicles were located at each of the sites on which the Company operated and it was therefore essential for the Administrators to secure and repatriate these assets as soon as possible in order to mitigate as far as possible any potential claims from the vehicle leasing companies

Arrangements have been made for the repatriation of all lease hire vehicles which are no longer required by the Administrators and undertakings have been provided for those vehicles which are currently being used by retained Vange employees. These will also be repatriated as and when they are no longer required.

#### **1.4 The office holders' effectiveness**

The Administrators have achieved the majority of the actions initially deemed necessary. Chattel asset realisations are complete, with the exception of the Tilbury and associated sites, which are currently under offer and a small amount of residual materials and vehicles that remain to be realised.

With the exception of the above, the only assets that remain to be realised are the freehold property at 14 Brunel Road and the Company's book debts.

As well as asset realisations, the Administrators have a statutory duty to investigate the directors' conduct and send their findings to the Department for Business, Innovation and Skills within six months of their appointment. The submission will be made in due course.

#### **1.5 Nature and value of property dealt with by the office holders'**

As detailed in the proposals, the identification and realisation of the Company's assets has proved to be a fairly protracted process. To date, the amount of £626,000 has been received in respect of the sale of assets and a further £314,000, net of agent's fees, is expected in relation to the sale of the premises at 14 Brunel Road.

#### **1.6 Anticipated return to creditors**

##### ***Secured creditors***

Barclays Bank Plc ("Barclays") has a fixed and floating charge over the Company's assets and a legal charge over the property at 14 Brunel Road. Barclays currently have no exposure under its fixed charge.

As detailed in the proposals, there is a cross collateralisation agreement in place, the effect of which allows BMBF to rely on the debenture given to the Bank in 1997 to recover any shortfall resulting from the sale of BMBF owned assets. The Administrators are currently awaiting advice regarding the validity of this agreement.

##### ***Preferential creditors***

Based on current information, preferential claims are likely to amount to approximately £490,000.

The Redundancy Payments Office is in the process of dealing with the employees' claims. On present information the Administrators anticipate that there will be a distribution to the employees in respect of their claims over and above that paid by the RPO. However this is subject to change depending on circumstances that may arise during the course of the Administration.

##### ***Unsecured Creditors – Section 176A Fund for Unsecured Creditors***

To the best of the Joint Administrators' knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

The anticipated return to the unsecured creditors based on the current estimated outcome statement is 12p/£. However this is subject to change depending on any circumstances that may arise during the course of the Administration

#### **1 7 Time costs analysis**

An analysis of time costs incurred between 2 June 2010 and £111,166 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case and giving the average hourly rate charged for each work type

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only and not including pre-appointment time

In addition to the post appointment time costs detailed in the time costs analysis, pursuant to Rule 2.67(1)(c) of the Rules, the office holders consider that the sum of £2,107 plus VAT is also properly recoverable in relation to work undertaken prior to their appointment consisting of determining whether it was reasonably likely that the purpose of Administration would be achieved and completing the required statements of the proposed Administrators. Please refer to the table in the proposals for details of how these time costs were incurred

#### **1 8 The views of the creditors**

The Administrators have a duty to investigate the affairs of the insolvent Company, and to consider the conduct of the directors. The Administrators welcome any correspondence or information from creditors to assist with their investigations into the affairs of the Company

The Administrators will send progress reports to all known creditors every six months and will ensure that the secured creditor is kept fully apprised of any developments during the Administration

#### **1 9 Approval of fees**

The Administrators propose that the basis of their remuneration be fixed under Rule 2.106 of the Rules by reference to the time properly given by them (as Administrators) and the various grades of their staff calculated at the prevailing hourly rates of Beggles Traynor in attending to matters arising in the Administration

#### **1 10 Approval of Expenses and Disbursements**

The Administrators propose that disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9), be charged in accordance with their firm's policy, details of which are set out at Appendix (iii). These disbursements will be identified by the Administrators and subject to the approval of those responsible for determining the basis of the Administrators' remuneration

#### **1 11 Other professionals employed and their costs**

Lawrence Graham LLP ("LG") was instructed to advise the Administrators on the appointment and to draft any subsequent sale agreements entered into. LG's costs to date amount to £49,950 plus £728 in disbursements

Hilco Appraisal Europe ("Hilco") was instructed to value and manage the sale of the Company's tangible assets. Hilco's costs to date amount to £62,000.

Generator Management Services ("GMS") was instructed to assess the Company's contracts and provide advice regarding potential debtor recoveries. GMS' costs to date amount to £8,148.

All of the above costs will be paid in due course as an expense of the Administration.

#### **1.12 Staffing and management**

Appropriately experienced staff undertook the various tasks arising, to ensure that matters were properly dealt with at the least cost to the Administration. It is the policy of Begbies Traynor (Central) LLP that all grades of staff charge time which solely relates to the case. The analysis in the report seeks to give some indication of the various tasks undertaken by the Administrators and their staff but is not intended to be, nor should be viewed as, an exhaustive list.

### **2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES**

- 2.1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix (iii).
- 2.2 The rates charged by the various grades of staff who may work on a case are also attached at Appendix (iii).

### **3. SUMMARY OF WORK CARRIED OUT SINCE APPOINTMENT**

Since the date of our appointment, the following work has been carried out:

- Ensuring compliance with all statutory obligations in the Administration,
- Dealing with asset realisations,
- Enquiring into the affairs of the Company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds;
- Reporting to the charge holder on the recovery of the assets subject to its respective security;
- Liaising with solicitors, who were instructed to provide advice in relation to reviewing the validity of security and appointment and the sale of Company assets, as well as any other legal issues that arise in the Administration,
- Liaising with our agents, who were instructed to deal with all matters relating to the Company's assets and contracts,
- Preparing the proposals for circulation to creditors,
- Dealing with all matters relating to the employees of the Company, as detailed in the proposals;
- Dealing with voluminous enquiries from employees and other creditors.



