

The Insolvency Act 1986

Administrator's progress report

Name of Company

Thistle Realisations Limited (formerly Industrial Acoustics Company Limited)

Company number

00606877

In the HIGH COURT OF JUSTICE CHANCERY
DIVISION (COMPANIES COURT)

Court case number

CR-2015-9019

(a) Insert full name(s)
and address(es) of
administrator(s)I / We (a) Chad Griffin and Simon Ian Kirkhope ofFTI Consulting LLP, 200 Aldersgate Street, Aldersgate, London, EC1A 4HD

administrator(s) of the above company attach a progress report for the period

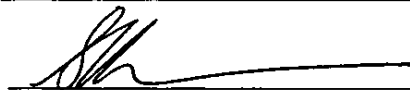
From

To

(b) Insert date

(b) 19 November 2015(b) 18 May 2016

Signed


Joint / Administrator(s)

Dated

16 June 2016**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.

William Marsden

FTI Consulting LLP, 200 Aldersgate Street, Aldersgate, London, EC1A 4HD

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COMPANIES HOUSE

JOINT ADMINISTRATORS' REPORT FOR PERIOD 19 NOVEMBER 2015 TO 18 MAY 2016

THISTLE REALISATIONS LIMITED (FORMERLY INDUSTRIAL ACOUSTICS LIMITED (IN
ADMINISTRATION) (COMPANY NUMBER: 00606877) ("IAC")

THISTLE BIDCO (UK) LIMITED (IN ADMINISTRATION) (COMPANY NUMBER: 07850405)
("BIDCO")

THISTLE DROP CO LIMITED (IN ADMINISTRATION) (COMPANY NUMBER: 08246320)
("DROP CO")

16 JUNE 2016

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Glossary

Act	Insolvency Act 1986 (as amended)	Rules	Insolvency Rules 1986 (as amended)
BTCC	Thistle BTCC (UK) Limited	Secured Debt	Debt of 2008 owed to Secured Lenders
Dropco	Thistle Dropco Limited	Secured Lenders	HSBC Bank plc, The Governor and Company of The Bank of Ireland and Siemens Financial Services Inc
GV	GV's voluntary liquidation	Security Agent	The Governor and Company of The Bank of Ireland
FTI	FTI Consulting LLP	Shareholder	AEA Investors LP
Grady	Grady's voluntary liquidation	SIP2	Statement of Insolvency Practice 2
IAC	Thistle Realisations Limited (formerly Industrial Acoustics Limited)	SIP7	Statement of Insolvency Practice 7
Proposed	Proposed Report of Administrators' Proposals dated 15 January 2010	SIP9	Statement of Insolvency Practice 9
RPS	Redundancy Payments Service	Topco	Thistle Topco (UK) Limited

1. Introduction

- 1 1 Simon Kirkhope and Chad Griffin were appointed as Joint Administrators of the Companies on 19 November 2015. We are required to send creditors a report setting out what has happened in the administrations during the period 19 November 2015 to 18 May 2016 pursuant to Rule 2.47 of the Insolvency Rules 1986 (as amended) ("the Rules").
- 1 2 Full details of the statutory formalities relating to our appointment are set out in Appendix B.
- 1 3 As insolvency practitioners we are bound by the Insolvency Code of Ethics. Prior to our appointment we considered potential ethical threats in undertaking the administration in accordance with the Code, and we did not consider that there were any matters preventing us taking this appointment.
- 1 4 This report together with appendices contains information in relation to the activities undertaken in the period since our appointment on 19 November 2015, and the Administrators' time costs in accordance with SIP9 (Appendices C and D).
- 1 5 A summary of receipts and payments in accordance with SIP7 for IAC is included at Appendix F. Please note no receipts and payments account has been produced for Bidco or Dropco as there have been no cash receipts or payments in respect of these companies.
- 1 6 The estimated return to creditors is set out in Sections 2 and 6 of this report.
- 1 7 An overview of the Group structure is included at Appendix A.

Administrators' remuneration

- 1 8 In our Statement of Proposals dated 11 January 2016 ("the Proposals"), we proposed that we be remunerated on the basis of time costs incurred by us and our staff properly spent in carrying out the Administration. The Proposals were deemed approved on 25 January 2016. Details of the rules in relation to Administrators' remuneration together with details of our time costs to date and our fee estimate are set out in Appendices C and D.
- 1 9 Our fees and disbursements are subject to creditor approval. A creditors' guide to administrators' fees setting out creditors' rights to further information and how fees are approved can be found here.
- 1 10 <http://www.insolvency-practitioners.org.uk/download/documents/1320>
- 1 11 If creditors wish to be supplied with a hard copy of this guidance they should contact us at the details set out at point 1.16 below.
- 1 12 Additional information in relation to our staffing policies can be found in Appendix E.

Creditors' right to challenge remuneration and/or expenses

- 1 13 Any secured creditor or, unsecured creditor with the support of at least 10% in value of the unsecured creditors or with leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 2.109(4) of the Rules), challenging the amount or the basis of the remuneration which the Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred. Such applications must be made within eight weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses being complained of, in accordance with Rule 2.109 of the Rules.

Creditors' right to request information

- 1 14 Any secured creditor or unsecured creditor with the support of at least 5% in value of the unsecured creditors or, with leave of the Court, may, in writing, request the Administrators to provide additional information regarding remuneration or expenses to that already supplied with this document. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 2.47(1)(fa) and 2.48A of the Rules.
- 1 15 I enclose further information in relation to creditors' rights to information at Appendix H.

Further Information

- 1 16 Further information on insolvency processes in general including a step-by-step guide can be found at the following website
<http://www.creditorinsolvencyguide.co.uk/>
- 1 17 If you have any specific queries in relation to this report or the Administration in general, please contact the administrators at IACAdministrators@fticonsulting.com or on 020 3727 1433. Creditors can also use these contact details to request a hard copy of this report if required.

2. Summary estimated creditor returns

Estimated dividend for creditors

Estimated dividend for creditors / shareholders - IAC

	Secured creditors ¹	Preferential creditors ²	Unsecured creditors ³	Share Capital
Estimated debt/equity (£)	68,285,998	150,902	46,973,584	4,993,133
Estimated return (£ or p/£)	3 to 4p/£	100 p/£	<1p/£	Nil

[1] Based on book value of the Secured Lenders claim from the Secured Lenders' calculations and estimated realisations for IAC assets and trading. The Secured Debt does not include the cost of performance bonds provided by Group companies which may be called, increasing the value of the Secured Debt and decreasing the level of return to the Secured Lenders.

[2] Based on RPS confirmed final preferential claims balance.

[3] Based on Company estimates. NB creditor claims have not been adjudicated and final agreed claims may vary from this amount.

Estimated dividend for creditors / shareholders - Bidco

	Secured creditors ¹	Preferential creditors ²	Unsecured creditors ³	Share Capital
Estimated debt/equity (£)	68,285,998	Nil	39,555,739	7,564,882
Estimated return (£ or p/£)	Nil	Nil	Nil	Nil

[1] Based on book value of Secured Lender claim from Secured Lender calculations and estimated realisations for all Companies. Note that proceeds from the sale of the US business and assets and cash sweeps have been paid directly to the Secured Lenders and do not therefore form part of the Bidco estate.

[2] No preferential claims have been received to date against Bidco.

[3] Based on Company estimates. NB creditor claims have not been adjudicated and final agreed claims may vary from this amount.

Estimated dividend for creditors / shareholders - Dropco

	Secured creditors ¹	Preferential creditors ²	Unsecured creditors ³	Share Capital
Estimated debt/equity (£)	68,285,998	Nil	6,701,194	200
Estimated return (£ or p/£)	Nil	N/A	Nil	Nil

[1] Based on book value of Secured Lender claim from Secured Lender calculations.

[2] There are no known employees so no preferential claims are anticipated. There are unlikely to be net floating charge realisations to pay a preferential or unsecured creditor dividend.

[3] Based on Company estimates. NB creditor claims have not been adjudicated and final agreed claims may vary from this amount.

- 2.1 The estimates above represent the possible return to creditors based on information currently known to and may be subject to change and assume a pro-rata return to creditors of the same class in accordance with UK insolvency law. Unsecured creditors rank behind both secured and preferential creditors, whilst shareholders rank behind all classes of creditor.
- 2.2 Further details of the estimated returns to each class of creditor are set out in section 6 of this report.

4. Conduct of the Administration

Administration purpose

- 3.1 Pursuant to Paragraph 3 of the Schedule B1 of the Act, the purpose of the administrations is to achieve a better outcome for the Companies' creditors as a whole than would be possible if the Companies were wound up (without first being in administration).
- 3.2 We considered that the administrations would give a better outcome than could be achieved in liquidations of the Companies as the appointment process could be conducted quickly, with the consent of the Secured Lender. The timely appointment of an administrator allowed the M&A process instigated by the directors, detailed in our Proposals dated 11 January 2016, to be continued by the administrators, whilst allowing the Companies to continue to trade without threat of winding-up.

Business and asset sale process

- 3.3 A full account of the sales processes conducted by the administrators, firstly for the business as a going concern, and then as a business and asset sale was given in our Proposals.
- 3.4 As detailed in our Proposals following an extensive M&A Process, the final interested party withdrew their offer for the business on 15 December 2015, leaving us with no choice but to cease operations for the business and to seek to realise IAC's assets only. The challenges to selling the business included the following:
 - The level of funding required to turnaround the business,
 - The cost base of the business,
 - Difficulty in accessing future funding for the business (including the need to post performance bonds on larger contracts),
 - The scale of the business (particularly relative to smaller competitors), and
 - The tight timescale required to complete a purchase.
- 3.5 However, following our decision to cease trading, a purchaser who had previously expressed an interest in acquiring Group entities outside of the UK extended their interest to incorporate the UK assets.

Greentec sale

- 3.6 Greentec are a Chinese manufacturing group which had expressed an interest in acquiring IAC's 100% shareholding in IAC China Holding Co., Ltd ("IAC China") prior to our appointment as administrators.
- 3.7 On 25 November 2015, an indicative offer from Greentec was received for IAC China, with an additional offer for IAC's 100% shareholdings in IAC Nordic A/S ("IAC Denmark"), IAC Boet Stopson ("IAC France"), IAC GmbH ("IAC Germany") and IAC Acoustics (Australia) Pty Ltd ("IAS Australia") on a combined basis. The final purchase price was to be confirmed pending due diligence to be undertaken by Greentec. IAC itself was not included in the offer.
- 3.8 On 22 December 2015, following the decision to cease trading in the UK, Greentec issued a revised offer of €7.0m comprised of two components:
 - €2.5m for the 100% shareholding in IAC China and assets owned by IAC (including tangible assets and intellectual property) ("Component 1"), and
 - €4.5m for the 100% shareholdings in IAC Australia, IAC Denmark, IAC France and IAC Germany ("Component 2").
- 3.9 The offer for Component 2 was conditional on the acquisition of Component 1 being completed, but was not expected to complete concurrently, nor be subject to exclusivity. The offer for the UK assets excluded stock, WIP, cash and debtors.
- 3.10 We considered that the offer represented the best price available for IAC's assets and an opportunity to sell IAC's assets and shareholdings in subsidiaries collectively without the need to continue with the potentially lengthy and costly separate overseas share sales processes.

- 3 11 Negotiations to complete the transaction proved difficult as a number of issues arose, including questions over the viability of IAC China as a standalone business, and practical and legal difficulties of transferring the Company's intellectual property (some of which was not owned by IAC) to overseas subsidiaries following the cessation of UK trading. Additionally, third party claims over machinery subject to financing agreements reduced the pool of assets available to the Purchaser.
- 3 12 Following protracted discussions in relation to the sale (during which we continued to explore other options to sell components of the Group), Greentec revised their proposal to purchase all assets previously comprised in Component 1 and Component 2, excluding France, for total consideration of €3m.
- 3 13 Absent a deal with the Purchaser, and given the cessation of UK trading, the only options available were to sell the UK assets by auction and to continue with overseas sales processes. IAC China had limited financial headroom to continue to trade absent support from the UK.
- 3 14 Given that no other offers had been received for the German, Danish or Chinese businesses (which in any case may not have been commercially separable) and that the overall Greentec offer exceeded expected values for the sale of UK assets and the Australian business, we concluded that the revised offer represented the best option to maximise value for the benefit of IAC's creditors.
- 3 15 On 1 February 2016 we therefore sought and obtained Secured Lender consent to conclude the sale. Following receipt of an initial deposit, on 18 February the balance of proceeds was received and the sale was completed for €3m on 23 February 2016.
- 3 16 The breakdown of the allocation of proceeds is as follows:

Allocation of consideration	€m
Overseas share sales	2.30
Plant and machinery (gross)	0.53
Intellectual property (gross)	0.17
Total	3.00

Wind-down of trading

- 3 17 As detailed in our Proposals, the UK business ceased to trade on 23 December 2016, whereupon the majority of remaining staff were made redundant.
- 3 18 In order to enable the sales process discussed above to proceed, it was necessary to continue to maintain a skeleton staff to assist us in dealing with purchaser due diligence queries in respect of the assets being acquired and to maintain the support systems necessary to keep the overseas businesses trading. Staff were also retained in order to assist with the collection and archiving of company records, to continue company payroll and to collate other information.
- 3 19 Additionally, following the cessation of trading, there was a high volume of work-in-progress for contracts that the management of the factory unit had considered could be completed prior to the cessation of trading, but which had been subject to unavoidable delays due to the following reasons:
- suppliers adopting ransom positions preventing delivery of necessary stock to complete projects,
 - loss of key trading staff causing insufficient resourcing to complete large scale projects, and
 - other delays caused by logistical difficulties in arranging collections in the run up to Christmas.
- 3 20 A small number of factory staff were therefore retained to assist with the identification, packing and and shipment of work-in-progress. Additionally, key health and safety and facilities management staff were retained to ensure that a safe working environment was maintained and that all machinery could be decommissioned safely.
- 3 21 Retained staff also assisted with the preparation of necessary supporting documentation and certification to allow sales orders to be completed and post-appointment trading receipts to be collected.
- 3 22 Work-in-progress had little realisable value (being only suitable for scrap given its bespoke nature) unless the original customers would accept the partially completed goods.
- 3 23 Key work-in-progress contracts were therefore subject to negotiations with customers, as they sought to levy set-off rights in respect of uncompleted or defective works vs amounts due to the Company.

UK assets

Debtors

- 3 24 As the business was involved in the construction industry, a significant element of its debtor book related to performance related retentions. Following the cessation of trading debtor collections remain at risk of significant offset, counter-claim or other contractual reductions as projects are no longer under warranty or cannot be completed.
- 3 25 To date collections of £1.9m have been made. We have engaged a specialist debt collection firm to assist with the pursuit of remaining outstanding balances. Collections in respect of remaining claims are not expected to be material and are likely to be subject to delay in collection given the timescales associated with building projects and the associated quality assurance process required to allow the release of retentions.

Finished goods and work-in-progress

- 3 26 Following cessation of production a number of finished orders remained to be delivered to customers. These were all delivered to customers and realisations noted as sales in our receipts and payments account.

Stock

- 3 27 Any work-in-progress that could not be sold was scrapped, and has been accounted for as stock. Additional stock sales comprise spare parts and small items of equipment held in the Company's factory that were sold prior to the agreement of the overall asset transaction discussed above.
- 3 28 IAC's other stock was subject to significant Retention of Title claims. We worked closely with title holders to allow the return of their stock where suitable notification and documentation of Retention of Title claims were provided.
- 3 29 All remaining stock did not form part of the asset sale to the Purchaser and was sold piecemeal to suppliers or by auction following the completion of the asset sale.

Plant and machinery

- 3 30 We had previously engaged Wyles Hardy & Co as chattels agents to assist with the sale of plant and machinery. In conjunction with retained staff all assets were sorted and lotted for sale by auction, which provided sufficient information to facilitate the sale of the assets to Greentec as discussed above.
- 3 31 A large volume of machinery was subject to third party claims under finance leases. We have facilitated the collection of third party assets.
- 3 32 All computer equipment was securely wiped and sold to the Purchaser as part of the transaction discussed above.

Intellectual property

- 3 33 All remaining intellectual property was sold as part of the transaction discussed above.

Health and safety

- 3 34 In conjunction with remaining staff, the site was cleared of materials that may have presented a health and safety risk.

Property

- 3 35 We have now vacated all premises formerly occupied by IAC, except a small storage unit. In respect of the vacated premises, IAC no longer occupies or enjoys any benefit arising from these premises.
- 3 36 The lease on IAC House, Winchester, the office facility formerly occupied by IAC has been assigned to the Purchaser.
- 3 37 The factory unit in Winchester was vacated on 23 March 2016. We continue to seek a voluntary surrender of the lease.
- 3 38 IAC's office in Colchester was occupied under a license to occupy by a key customer of IAC. Following their transition to alternative premises, the property was returned to the landlord on 22 March 2016. We continue to seek a voluntary surrender of the lease.

US Businesses

- 3 39 As detailed in our Proposals it was not possible to find a purchaser for US/Canadian subsidiaries in the Group as going concerns. Consequently, the assets of these entities were sold by the directors and they are now being wound down under the control of the directors.
- 3 40 The proceeds of the asset sale together with the further net proceeds of the wind-down, including collections of receivables, are being paid directly to the Secured Lenders under their applicable local security over the US/Canadian subsidiaries.

- 3 41 Consequently, we do not consider that there will be any realisations directly into the insolvency estate of Bidco in relation to its shareholdings in the US/Canadian subsidiaries

Tax matters

- 3 42 We have made the necessary notifications of our appointment to HM Revenue & Customs in respect of corporation tax, PAYE/NI and VAT
- 3 43 We have submitted the relevant pre-appointment corporation tax and VAT returns. In due course, we will make the appropriate corporation tax filings for the administration period to comply with our responsibilities as Administrators. VAT returns have been and will continue to be submitted at the relevant times

Employee matters

- 3 44 Following the completion of each of the tasks in relation to the winding-down of the business, staff left the business on a staggered basis. The final employees of IAC were made redundant on 23 February 2016

Remaining matters

- 3 45 Following the sale of shares and business and assets discussed above and the conclusion of the wind-down of trading operations, the following assets of IAC remain to be realised or otherwise resolved

IAC France

- 3 46 Working in conjunction with management, we have been exploring the potential sale of IAC UK's shares in IAC Boet Stopson, the French holding company
- 3 47 On 6 January 2016, an agreement in principle was agreed with the management team to sell the shares in IAC Boet Stopson. However, this sale did not conclude due to instability in the French business caused by the cessation of UK trading and ongoing trading and working capital issues in the French business
- 3 48 We have been in regular contact with the management of the IAC France business, who have been able to continue to manage the business on a standalone basis following our appointment
- 3 49 We continue to support the French management team in their efforts to stabilise the French business in order that a share sale may potentially be delivered in due course

ISS Assets

- 3 50 During the sale negotiations referred to above, the Purchaser also expressed interest in certain contracts, intellectual property and physical assets ("ISS Assets") held by IAC related to contracts with UK, US and European military bodies. The customers in respect of the ISS Assets potentially had rights of access, ownership of assets, change of control rights or rights to copy the ISS Assets. In addition, the ISS Assets were in some cases protected by US statutory provisions preventing the dissemination of these materials to non-authorised parties (which would include the Purchaser)
- 3 51 As a consequence, we were unable to transfer these assets to the Purchaser without restrictive covenants being in place, which prevented the transfer of the ISS Assets without the consent of relevant third parties
- 3 52 The administrators therefore continue to hold the ISS Assets as Bailee (effectively holding the assets on quasi-trust). We continue to liaise with the Purchaser and all contract counterparties to facilitate the transfer of these assets to relevant parties in due course

Statutory investigations

- 3 53 We have undertaken initial investigation work in accordance with SIP2 including a review of the accounts of the Company in order to understand the realisable assets of the Company and comparing these to the values in the directors' statement of affairs. We do not consider that there are any further assets available to the Company other than those set out earlier in this report
- 3 54 As part of our investigations, potential claims relating to accounting practices adopted by the Company in 2014 were examined and preliminary work was undertaken to establish the nature of claims that could potentially be brought and the work required to facilitate further action

- 3 55 These matters were discussed with the Secured Lenders as their consent would be required in order to incur additional costs in relation to pursuing any potential legal claims arising from these matters. Given the degree of uncertainty in relation to possible claims, the Secured Lenders did not wish to incur the further costs associated with additional investigation work.
- 3 56 We have consequently ceased investigation work in relation to any potential claims.
- 3 57 We have reviewed the conduct of all directors who served in respect of the Companies in the 3 year period prior to the date of the Administrations and made the necessary filings pursuant to the Company Directors Disqualification Act 1986.
- 3 58 The contents of the filings made are confidential.

4. Estimated outcomes

Secured creditors

- 4 1 At the date of appointment the Secured Lenders were owed approximately £68.3m by Bidco. Dropco and IAC were guarantors of this debt. The Secured Lenders hold debenture security dated 13 May 2013 (over each of the Companies) and 15 June 2015 over Bidco. As a result of these debentures the Secured Lenders have security over all of the Companies' assets (and certain other Group assets), which includes fixed and floating charges in favour of the Secured Lenders.
- 4 2 The return to the Secured Lenders is currently uncertain. The estimate of 3 to 4 pence above is based on estimated levels of realisations and costs across each of the Companies and is therefore subject to change.
- 4 3 Immediately prior to our appointment the Secured Lenders swept £1.0m from the pre-administration bank accounts that were subject to lender security. This does not feature in our account of receipts and payments as these monies never formed part of the administration estate.
- 4 4 Subsequent to our appointment, we received €1m in funding from the Secured Lenders to meet the costs of the administration process. This funding was repayable as an expense of the administration pursuant to Rule 2.67 of the Rules, and on 22 March 2016 the funding was repaid in full.
- 4 5 Additionally, on the same date a first distribution of £1,233,232 was made to the Secured Lenders in relation to Fixed Charge receipts arising from the sale of shares in the overseas businesses. A floating charge dividend of £65,662 was paid at the same time.
- 4 6 The total payment to the Secured Lenders was therefore, £2m, of which £1,298,894 was in relation to administration receipts, with the balance a repayment of administration funding.

Preferential creditors

- 4 7 Under the Act the main classes of preferential creditor are employees in respect of certain claims in relation to arrears of wages, holiday and pensions contributions. IAC was the main UK employer in the Group and preferential claims of c£152k have been received against the Company. Bidco had a smaller number of staff and the directors of Bidco have indicated in the Statement of Affairs for Bidco that they do not expect any preferential claims to arise against Bidco. No claims have been received to date against Bidco.
- 4 8 The administrators paid retained staff their wages to the date of their redundancy. Consequently, there are no arrears of wages claims and claims are in relation to accrued but untaken holiday pay.
- 4 9 A notice of intended dividend pursuant to Rule 11.2 of the Rules was sent to preferential creditors on 9 May 2016. The deadline for the confirmation of claims was 5 June 2016. A preferential dividend of 100 pence in the pound is anticipated to be paid in the two months subsequent to the final deadline for the receipt of claims.

Unsecured creditors

- 4 10 Unsecured creditors rank behind both secured and preferential creditors.
- 4 11 Under Section 176A of the Act where after 15 September 2003 the Company has granted a creditor a floating charge, a proportion of the net property of the company achieved from floating charge asset realisations must be made available for the unsecured creditors ("the Prescribed Part").
- 4 12 There are unlikely to be sufficient funds to repay the Secured Creditors in full, therefore returns to unsecured creditors would only potentially come from the Prescribed Part, up to a maximum of £600,000 for each company.

- 4 13 We currently have insufficient information to estimate the likely size of the Prescribed Part and the return to unsecured creditors, given that calculation is subject to the total level of floating charge realisations and the costs of realisations, both of which remain uncertain
- 4 14 However, given the level of unsecured claims against IAC (which is expected to include a deficit on IAC's defined pension scheme), it is unlikely that significant returns will be available to unsecured creditors of IAC. It is estimated that the maximum likely dividend is 1 pence for every pound owed
- 4 15 It is anticipated that there are unlikely to be any floating realisations in Bidco or Dropco. Consequently, there is not expected to be any Prescribed Part payable from Bidco or Dropco
- 4 16 Creditors wishing to nevertheless submit a claim should use the creditors statement of claim form provided at Appendix G, with any claims made being supported by copy invoices or other relevant documentation sufficient to allow your claim to be adjudicated

5. Next report and further questions

- 5 1 We are required to provide a progress report to all creditors within one month of the end of the anniversary of the Administrations, or when the Administrations come to an end, whichever is sooner

Should you have any queries in the meantime please do not hesitate to contact a member of the administration team on 020 3727 1433 or by email at IACadministrators@fticonsulting.com

For and on behalf of the Companies



Simon Kirkhope
Joint Administrator

The affairs, business and property of the Companies are being managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and without personal liability

Simon Kirkhope and Chad Griffin are licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales, under Section 390(2)(a) of the Insolvency Act 1986



Appendix B – Statutory information

Company and Appointment Information

Thistle Realisations Limited (formerly Industrial Acoustics Company Limited)

Trading name	Industrial Acoustics Company Limited
Registered number	00606877
Registered office	296 Aldersgate St, London, EC1A 4HD (formerly IAC House, Moorside Rd, Winchester SO28 7JS)
Director(s)	Geoffrey Crowhurst, Mark King and John Wilson
Company secretary	Bar. Matthews
Directors' shareholdings	Nil
Court reference	CR 2015 00019
Court	High Court of Justice, Chancery Division, Companies Court
Appointment date	19 November 2015
Appointer	The directors of the Company pursuant to Paragraph 22 of Schedule B1 of the Act. Pursuant to Paragraph 26 of the Schedule B1 of the Act, notice of intention to appoint administrators was given to, and waived by the Secured Lenders
Appointers address	C/O Industrial Acoustics Company Limited, IAC House, Moorside Rd, Winchester SO28 7JS

Thistle Bidco (UK) Limited

Trading name	Thistle Bidco (UK) Limited
Registered number	07850405
Registered office	296 Aldersgate St, London, EC1A 4HD (formerly IAC House, Moorside Rd, Winchester SO28 7JS)
Director(s)	Geoffrey Crowhurst, Mark King, Paul Soldatos and Alexander Hoffman
Company secretary	Bar. Matthews
Directors' shareholdings	Nil
Court reference	CR 2015 00020
Court	High Court of Justice, Chancery Division, Companies Court
Appointment date	19 November 2015
Appointer	The directors of the Company pursuant to Paragraph 22 of Schedule B1 of the Act. Pursuant to Paragraph 26 of the Schedule B1 of the Act, notice of intention to appoint administrators was given to, and waived by the Secured Lenders
Appointers address	C/O Thistle Bidco (UK) Limited, IAC House, Moorside Rd, Winchester SO28 7JS

Thistle Dropco Limited

Trading names	Thistle Dropco Limited
Registered number	08246320
Registered office	200 Aldersgate St. London, EC1A 4HD (formerly IAC House, Moorside Rd, Winchester SO23 7US)
Director(s)	Mark King, Paul Soldatos and Alexander Hoffman
Company secretary	Pat Matthews
Directors' shareholdings	Nil
Court reference	CR-2015-9024
Court	High Court of Justice, Chancery Division, Companies Court
Appointment date	29 November 2015
Appointer	The directors of the Company pursuant to Paragraph 22 of Schedule B1 of the Act. Pursuant to Paragraph 26 of the Schedule B1 of the Act, notice of intention to appoint administrators was given to, and waived by the Secured Lenders
Appointers address	c/o Thistle Dropco Limited, IAC House, Moorside Rd, Winchester SO23 7US

Administrators' Information (for all Companies)

	Administrator 1	Administrator 2
Name	Simon Kirkhope	Chad Griffin
Address	200 Aldersgate Street, London EC1A 4HD	200 Aldersgate Street, London EC1A 4HD
Authorising body	ICAEW	ICAEW

The appointment of the Administrators was made by the directors of the Companies pursuant to Paragraph 22 of Schedule B1 to the Act

The Companies are subject to fixed and floating charges in favour of the Secured Lenders and the validity of the appointment and of the security has been confirmed by Ashurst LLP. The security in favour of the Secured Lenders is granted by Debentures dated 13 May 2013 (granted by Bidco, Dropco and IAC) and 15 June 2015 (granted by Bidco only)

Pursuant to Paragraph 100 of Schedule B1 of the Act, any function of the Administrators may be exercised by any or all of the Administrators named above

The centre of main interest of the Companies is England. Therefore, the EC Regulations on Insolvency Proceedings 2000 apply to the Administrations. The proceedings are main proceedings as defined by Article 3 of those regulations

Appendix C – Administrators' time costs and expenses

Pre-Administration fees

Information in relation to FTI Consulting LLP's ("FTI") involvement with the Company prior to the date of Administration was detailed in our Proposals, pursuant to Rule 2.33 (2B) of the Rules

As previously disclosed, Ashurst LLP incurred time costs of £33,621.70 plus VAT and out-of-pocket expenses of £960.94 plus VAT in relation to preparatory legal work in respect of the administration appointment, including the following work streams

- preparation of appointment forms
- liaison with the directors' legal advisors
- drafting and negotiating the administration funding agreement
- completion of appointment formalities on the day of appointment

It is proposed that subject to the approval of creditors pursuant to Rules 2.33 (2B) and 2.106 (5A) Ashurst LLP's fees will be paid as an expense of the administration

Administrators' fee basis and fee approval

Pursuant to Rule 2.106 of the Rules the remuneration of the administrators can be fixed on the basis of one of the following

- a as a percentage of the value of property with which he has to deal,
- b by reference to time properly given by the Administrator and his staff attending to matters arising in the administration, or
- c a set amount

The basis of the Administrators' fees will be determined by a creditors committee (if one is established by the creditors of the Company) or by a meeting of creditors of the Company (if one is convened). If no committee is established and no meeting is convened, it is proposed that the remuneration of the Administrators will be fixed in accordance with option b above and that proposed fees will be approved in accordance with Rule 2.106(5A) of the Rules. These rules are outlined below

Where the Administrators have made a statement under Paragraph 52(1)(b) of Schedule B1 of the Act, the basis of the Administrators' remuneration may be fixed by approval of

- Each secured creditor, or
- If the Administrators intend to make a distribution to preferential creditors, with the approval of each secured creditor and 50% of the preferential creditors who respond to an invitation to consider approval

There is no requirement for unsecured creditors to pass a resolution in respect of Administrators' remuneration

A copy of the 'Creditors' Guide to Administrators' Fees' is available at

http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov2011.pdf

Creditors can alternatively request a copy from us and we will provide a paper copy by post

Post-appointment time costs and expenses

An analysis of our time in accordance with the provisions of SIP9, which provides details of the activity costs incurred by staff grade to the above date is enclosed overleaf

The main areas of our work have been set out in the body of the report but can be summarised as follows

- Leading UK M&A / asset sale process
- Stabilisation of overseas businesses
- Overseas sales processes
- Conclusion of wind-down of factory including realisation of finished goods, WIP and stock
- Liaison with key customers and suppliers

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- Managing insurance and health and safety processes of business
- Liaison with chattels agents
- Surrender of leased assets
- Liaison with landlords and their agents
- Compliance with post-sale contractual provisions in relation to asset/data storage and transition to new providers
- Coordinating collection of UK debtor book
- Cashiering and reconciliation of bank accounts
- Management of ROT claims
- Responding to employee and creditor queries
- Notifications to relevant tax authorities
- Review of relevant accounting and statutory records in accordance with SIP2
- Investigation of potential additional claims
- Reporting to the Secured Lenders
- Gathering books and records of the business
- Complying with statutory formalities include relevant filings and statutory communications
- Maintaining the Administration record

We have incurred time costs during the period of £1,388,832 (net of VAT) properly dealing with the Administration of the Companies. No time costs have been drawn during the period.

Category 1 (out-of-pocket) expenses of £38,991 and £840 of Category 2 (allocated) expenses have been incurred during the period. No expenses have been drawn during the period.

Category 1 expenses are not subject to creditor approval. Category 2 disbursements do require approval from creditors and relate to services provided to us by associated companies and costs which are apportioned overheads such as mileage and data storage. Further details in relation to this can be found at Appendix E (if applicable) together with additional information in relation to our policy on staffing, the use of subcontractors, and details of our current charge out rates by staff grade.

Approval to £1,109,661 of time costs, plus out of pocket disbursements of £38,318, and category 2 (allocated expenses) of £840 was sought and received from the Secured Lenders on 9 March 2016. All amounts are stated net of VAT.

A summary of time costs and expenses for each of the Companies during the period is shown below.

Summary of time and expenses (£)			
Company	Time Costs Incurred	Cat 1 Expenses	Cat 2 Expenses
IAC	1,386,514	38,991	840
Bidco	3,076	0	0
Dropco	1,587	0	0
	1,391,176	38,991	840

Administrators' fee estimate

In our Proposals a fee estimate was provided pursuant to Rule 2.106(2A) of the Rules, as we intend to draw our fees on the basis of time costs incurred in properly carrying out the administration. Our estimate of total fees was £1,056,219. Our WIP for the period is £1,391,176, which exceeds the fee estimate by £334,957.

On 9 March 2016, we sought approval from the Secured Lenders to draw fees of £1,109,661 plus out of pocket disbursements of £38,318.40 and category 2 (allocated expenses) of £839.96 (all stated net of VAT). No fees have yet been drawn. Our fee request exceeded our initial estimate by £53,442. Pursuant to Rule 2.109AB, as the fee basis had not yet been fixed we provided a further fee estimate and provided information explaining why our proposed fee had exceeded our initial estimate.

In summary our initial estimate had been exceeded for the following reasons

- Increase in complexity of, and time to deliver the Greentec transaction and associated time costs
- Increased post-sale obligations These include adjudication of proprietary rights on the transfer from the Company to either Greentec or third party customers of sensitive/classified data
- Increased costs arising from the level of work required to split out the IP required for the Greentec transaction
- Increased negotiations and information requirements from customers and logistics providers and ransom creditors to conclude realisations of WIP
- Increased length of wind-down period arising from the extended Greentec sales process and the need to remain in occupation of the premises until 24 March to oversee the removal of the purchased equipment
- Higher than expected levels of employee and creditor queries

The fee estimate above reflected a discount on time costs as agreed with the Secured Lenders

Administrators' fee estimates represent the likely time costs that will be incurred in undertaking their duties in respect to the Company during the administration and, should the administrator become liquidator, their duties in the liquidation. It is important to note that the quantum of remuneration drawn will be limited by agreement with the Secured Lenders and is likely to result in a write-down of time costs incurred in excess of the fee estimate provided to the Secured Lenders

We intend to seek approval for any additional fee drawings, exceeding the amount agreed to be drawn date by the Secured Lenders. We do not anticipate drawing fees in excess of the estimate, as our fees will likely be subject to a cap at this amount

We have provided an analysis of our fee estimate, estimated write-downs and variance to our last fee estimate overleaf

Fee estimate for all Companies																					
	Incurred to 18 May 2016		Discount Agreed at 18 May 2016				To be Incurred				Total		Estimated write down ¹		Total estimate		Estimate Per Proposals			Variance	
	Hr	£	Hr	£	Hr	£	Hr	£	Hr	£	Hr	£	Hr	£	Hr	£	Hr	£	Hr	£	
Administration and Planning	553	243,757		(43,855)	50	22,036	603	221,938	(60)	(27,134)	543	194,804	410	200,000	(133)	5,196					
Investigations	89	44,553		(6,162)	-	-	89	38,391	(16)	(4,545)	73	33,846	47	23,486	(26)	(10,360)					
Realisation of assets	1,122	584,791		(12,306)	45	23,458	1,167	595,943	(42)	(22,857)	1,124	573,087	709	360,951	(415)	(212,136)					
Trading	644	248,935		(50,051)	5	1,933	649	200,816	21	49,184	670	250,000	667	250,000	(3)	-					
Creditors	434	176,572		(33,253)	50	20,356	484	163,675	(12)	(13,675)	472	150,000	373	150,000	(99)	-					
Tax	88	45,287		-	30	15,386	118	60,673	(5)	(27,673)	114	33,000	72	33,000	(42)	-					
Reporting	80	45,116		(6,344)	35	19,763	115	58,535	(12)	(8,685)	103	49,850	66	38,782	(37)	(11,068)					
Other	8	2,166		-	-	-	8	2,166	(8)	(2,166)	-	-	-	-	-	-					
Administrators' fee estimate	3,018	1,391,176		(151,971)	215	102,933	3,233	1,342,138	(134)	(57,551)	3,099	1,284,587	2,344	1,056,219	(755)	(228,368)					

[1] Based on fee estimate provided to Secured Lenders Where a positive balance is shown, time will not be written on, but will be utilised to reduce the write down in relation to other tasks where higher time cost have been incurred

Appendix D – Time cost analysis

Industrial Acoustics Company Limited - Analysis of Administrators' Time Costs In Accordance with SIP9 for the period 19 November 2015 to 18 May 2016

Task		Senior Managing Director	Managing Director	Br Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
Administration and Planning									
Strategy and planning	A1	23.7	118.0	48.1	20.0		207.8	121,301.0	583.7
Initial actions	A2	4.0		9.3	17.0		30.3	14,029.0	463.0
Appointment and related formalities	A3			0.8	17.0	40.3	58.1	12,832.0	220.9
Receipts and payments accounts	A4				39.7	73.5	113.2	32,372.0	285.0
Checklist and reviews	A5			12.0	45.5	3.5	61.0	26,260.5	430.5
Cashiering and reconciliations	A6		0.8	23.6	51.5		75.9	34,971.5	460.8
Bonding and IPS maintenance	A7			2.4			2.4	1,187.0	486.3
Subtotal		27.7	118.8	98.2	190.7	117.3	548.7	242,933.0	
Investigations									
Directors questionnaire/checklist	B2			2.2			2.2	1,309.0	595.0
Statement of affairs	B3			0.5			0.5	305.0	610.0
Books and records	B5			13.4	10.0	2.4	25.8	11,633.5	450.9
Electronic records	B6			17.8		19.5	37.3	14,859.0	398.4
Other investigations	B7	19.2		4.3			23.5	16,446.5	699.9
Subtotal		19.2	0.0	38.2	10.0	21.9	89.3	44,553.0	
Realisation of assets									
Cash and investments	C1	4.0		86.3		84.0	134.3	55,185.5	410.8
Sale of business	C2	47.7	50.1	92.3	9.7		199.8	103,277.5	516.9
Post-completion obligations	C3			26.4			26.4	14,817.0	561.3
Book debts	C4			14.3	22.5		36.8	17,175.5	466.7
Stock and WIP	C5			25.7			25.7	12,978.5	505.0
Property plant and vehicles	C6			29.6			29.6	14,702.5	496.7
Other assets	C7	113.1	87.9	430.4		11.8	623.2	340,873.2	546.7
Health & Safety/Insurance	C8			25.6			25.6	12,488.0	487.8
Legal issues/litigation	C9	16.9		3.5			20.4	13,513.0	662.4
Subtotal		181.7	118.0	714.1	32.2	75.8	1,121.8	564,790.7	
Trading									
Initial control of operations	D1	8.6		3.6			12.2	7,447.0	610.4
Ongoing trading/ monitoring	D2	51.3		190.3	271.0		512.6	180,856.5	352.8
Closure of trading	D3	26.7		41.4	51.0		119.1	60,631.0	509.1
Subtotal		86.6	0.0	235.3	322.0	0.0	643.9	248,934.5	
Creditors (correspondence and claims)									
Unsecured creditors	E1			26.4	53.3	27.9	107.6	31,015.5	288.2
Pensions	E3			3.4		1.5	4.9	1,994.5	407.0
Employees	E4			99.6	4.4	8.0	112.0	53,886.5	481.1
ROF creditors	E5			9.0	189.5		198.5	84,891.0	427.7
Lease creditors	E7			9.0	1.7		10.7	4,784.5	447.1
Subtotal		0.0	0.0	147.4	248.9	37.4	433.7	176,572.0	
Tax									
Initial reviews CT and VAT	F1		2.0	0.7			2.7	1,616.0	598.5
Pre-appointment CT	F2		9.0				9.0	5,795.0	643.9
Pre-appointment VAT	F3			1.5			1.5	742.5	495.0
Post appointment CT	F4		2.5			14.0	16.5	4,325.0	262.1
Post appointment VAT	F5			6.5	7.0		13.5	6,287.5	465.7
Tax advice on transactions	F6		31.0	2.3			33.3	21,253.5	638.2
Other post appointment tax	F7		1.5	0.9			2.4	1,429.5	595.6
Subtotal		0.0	46.0	11.9	7.0	14.0	78.9	41,449.0	
Reporting									
Proposals	G2	14.2		10.7	5.0		29.9	17,432.5	583.0
Other statutory reports/meetings	G3			0.7			0.7	416.5	595.0
Secured creditor reports	G4	11.1		35.7	2.5		49.3	27,267.0	553.1
Subtotal		25.3	0.0	47.1	7.5	0.0	79.9	45,116.0	
Other	H2			7.6			7.6	2,166.0	285.0
Subtotal		0.0	0.0	7.6	0.0	0.0	7.6	2,166.0	
Total Time by Grade		340.5	280.8	1,297.8	818.3	266.4	3,003.8		
Total Cost by Grade		224,118.8	163,822.8	641,830.5	304,990.0	81,752.2	1,386,514.2		
Average by Grade		658.2	583.4	494.6	372.7	194.3	461.6		
		Time Costs	Category 1	Category 2	Total				
Total Costs to Date		1,386,514.2	38,990.8	840.0	1,426,344.9				
Amount Billed		0.0	0.0	0.0	0.0				
WIP		1,386,514.2	38,990.8	840.0	1,426,344.9				

Appendix D – Time cost analysis

Thistle Dropco Limited - Analysis of Administrators' Time Costs In Accordance with SIP9 for the period 19 November 2015 to 18 May 2016

Task	Senior Managing Director	Managing Director	Sr Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
Administration and Planning								
Appointment and related formalities	A3			2.0	0.2	2.2	412.0	187.3
Subtotal		0.0	0.0	2.0	0.2	2.2	412.0	
Tax								
Initial reviews CT and VAT	F1	0.5				0.5	320.0	640.0
Pre-appointment CT	F2	1.0				1.0	640.0	640.0
Post appointment CT	F4				1.1	1.1	214.5	195.0
Subtotal		0.0	1.5	0.0	1.1	2.6	1,174.5	
Total Time by Grade		0.0	1.5	0.0	1.3	4.8		
Total Cost by Grade		0.0	960.0	0.0	370.0	256.5	1,586.5	
Average by Grade		0.0	640.0	0.0	197.3	330.5		
	Time Costs	Category 1	Category 2	Total				
Total Costs to Date	1,586.5	0.0	0.0	1,586.5				
Amount Billed	0.0	0.0	0.0	0.0				
WIP	1,586.5	0.0	0.0	1,586.5				

Thistle Bideo (UK) Limited - Analysis of Administrators' Time Costs In Accordance with SIP9 for the period 19 November 2015 to 6 January 2016

Task	Senior Managing Director	Managing Director	Sr Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
Administration and Planning								
Appointment and related formalities	A3			2.0	0.2	2.2	412.0	187.3
Subtotal		0.0	0.0	2.0	0.2	2.2	412.0	
Tax								
Initial reviews CT and VAT	F1	0.5				0.5	320.0	640.0
Pre-appointment CT	F2	2.5				2.5	1,610.0	644.0
Subtotal		0.0	3.0	0.0	0.0	3.8	2,663.5	
Total Time by Grade		0.0	3.0	0.0	4.0	9.0		
Total Cost by Grade		0.0	1,930.0	0.0	370.0	775.5	3,075.5	
Average by Grade		0.0	643.3	0.0	185.0	193.9	341.7	
	Time Costs	Category 1	Category 2	Total				
Total Costs to Date	3,075.5	0.0	0.0	3,075.5				
Amount Billed	0.0	0.0	0.0	0.0				
WIP	3,075.5	0.0	0.0	3,075.5				

Appendix E – Additional Information in relation to Administrators' fees pursuant to SIP9

Detailed below is FTI's policy in relation to

- staff allocation and the use of sub contractors,
- professional advisors, and
- disbursements

Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Senior Managing Director, Managing Director, Director, Senior Consultant and Consultant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and on larger, more complex cases, several Senior Consultants/Consultants may be allocated to meet the demands of the case

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g., report compilation and distribution, do we seek to charge and recover our time in this regard

Professional advisors

On this assignment we have used or intend to use the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis

Name of professional advisor	Basis of fee arrangement	Fees paid to date (£)
Ashurst LLP (legal advice) (NB includes Al Tamimi (Dubai legal advice))	Hourly rate and disbursements	347,463
BTG Corporate Finance	Fixed fee and incentive on realisations	10,000
CAPA	% of realisations	45
Cheeswrights Notary Public	Fixed fee	1,147
ERA Solutions	Hourly rate and disbursements	12,170
JP Associates (debtor collections)	% of realisations	Nil
Jenner & Co (BACS batch processing)	Batch set up and cost per payment	1,974
Wyles Hardy & Co (chattels agent)	Fixed cost plus sales premium	50,000

Our choice was based on our view of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them

We have utilised the services of other teams within FTI Consulting LLP to assist with the administration process. The fees of our tax and strategic communications teams have been included in our SIP9 analysis provided to creditors of the Company and allocated to the work streams and entities to which their work related, for approval by those parties approving our fees

We consider that the rates chargeable for these services are in line with general market practice and that the service is comparable to similar firms of professional advisors. In addition, by working closely with our internal teams, we believe a more coordinated and cost-effective approach to the Administration work streams has been possible

Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as

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postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred which relate to payments due to associated Company for the provision of services to the office holder.

On this assignment we have not yet incurred any category 2 disbursements.

Charge-out rates

A schedule of FTI's charge-out rates (per hour) for this assignment is as follows:

	2015	2016	2015	2016
Grade	Overseas Staff, AUS \$		UK Staff, £	
Senior Managing Director	625	625	765	795
Managing Director	575	575	665	695
Senior Director	565	565	610	645
Director	510	510	580	595
Senior Consultant	370 to 425	370 to 425	480	505
Consultant	305 to 350	305 to 350	420	440
Analyst (experienced)	275	275	265	285
Analyst (junior)	255	255	195	210
Executive Assistant	155	155	765	795

Appendix F – Receipts and payments

Industrial Acoustics Company Limited - Joint administrators' trading statement	
	From 19/11/2015
£	To 18/05/2016
Trading receipts	
Sales Income	1,445,591
Total	1,445,591
Trading payments	
Purchases	388,256
Wages & salaries	450,722
PAYE & NI	310,524
Pension expense	35,879
Other labour expenses	0
Sub-contractors	53,466
Rents	121,649
Rates	46,577
Heat & Light	42,795
Telephone	17,315
Carriage	31,365
Insurance	50,181
Professional Fees	3,530
Bank Charges	8,513
Lease/HP Payments	28,158
Sundry Expenses	27,107
Total	1,616,036
Current trading surplus / (deficit)	(170,445)

[1] The balance sheet value of stock at appointment was £2.6m, but no stock take was carried out on appointment. The directors estimated the realisable value at £794k

[2] All closing stock has now been sold or returned to suppliers as operations have now ceased

[3] Administrators' time costs associated with trading are £248,935

[4] All trading costs have not yet been paid as we are yet to receive invoices from suppliers for services provided during the trading period

[5] There may be additional receipts of c£20k in relation to goods invoiced during the trading period but for which payment has not yet been received

[6] Costs classified as trading costs above may also relate to holding costs associated with the wind-down of operations

[7] Costs were incurred to complete projects that had been invoiced prior to the date of administration. Receipts in respect of these projects have been classified as book debts

Appendix F – Receipts and payments

Industrial Acoustics Company Limited - Joint administrators' account of receipts and payments

Statement of affairs		From 19/11/2015
		To 18/05/2016
£		£
Fixed charge receipts		
691,505	Cash ³	0
	Funding ¹	701,106
	PPE	0
1,654,052	Investments	1,773,480
	Fixed charge interest	300
2,345,557 0	Total	2,474,886
Fixed charge payments		
	Legal Fees	176,763
	Other	15
	Total	176,778
Fixed charge distributions		
	Funding	701,106
	First distribution	1,233,232
	Total	1,934,338
	Current surplus	363,769
Represented by		
	VAT receivable/ (payable)	169
	Cash at bank	363,600
	Total	363,769
Floating charge receipts		
556,687	PPE	347,312
	Patents	108,153
	Customer List	1
2,190,798	Book debts ²	1,884,356
794,140	Intellectual property	16,428
	VAT refund	323,901
	Bank interest	665
	Trading surplus/ (deficit)	(170,445)
	Total	2,510,372
Floating charge payments		
	Sundry expenses	763
	Asset Insurance	0
	Postages	723
	Agents fees	72,583
	Legal Fees	174,159
	Total	248,228
Floating charge distribution		
	First distribution	65,662
	Total	65,662
	Current surplus	2,196,482
Represented by		
	Cash at bank	2,134,084
	VAT receivable/ (payable)	62,398
	Total	2,196,482

[1] The Secured Lenders provided funding of €1m from funds held in accounts subject to lender security. This has been repaid to the Secured Lenders as an expense of the Administration.

[2] The directors incorrectly characterised the book debts as subject to fixed charges in the Statement of Affairs.

[3] Cash of £1,023,342 was swept by HSBC from accounts subject to fixed charges for division amongst the Secured Lenders; this is not reflected in the R&P above.

Appendix G – Creditors' statement of claim form

Industrial Acoustics Company Limited

Thistle Bidco (UK) Limited

Thistle Dropco Limited

Date of Administration – 19 November 2015

Name and address of creditor

Amount claimed in the Administration

(Including VAT)

£

Signature of creditor

--

Name of creditor

--

Telephone

--

E-mail

--

Date

	/		/	
--	---	--	---	--

Please provide appropriate documentation in support of your claim

If you are registered for VAT the amount claimed should include VAT even if VAT bad debt relief has been claimed under the Value Added Tax Act 1994

Please return this form when you have completed it to Industrial Acoustics Company Ltd at FTI Consulting LLP, 200 Aldersgate Street, London, EC1A 4HD or email it to IACcreditors@fticonsulting.com

Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 Value Added Tax Act 1994. In broad terms relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account.

Claims lodged in the Administration should be gross, including any VAT element. If/when dividends are paid, creditors who have claimed VAT bad debt relief must apportion the dividend between VAT and the net element of their claim and account to HM Customs and Excise for the VAT element through their VAT return.

Insolvency Practitioners have no role in administering VAT bad debt relief under the Value Added Tax Act 1994. Creditors who are uncertain how to claim should contact their VAT office or take professional advice.

Appendix H – Extracts from the Insolvency Rules 1986

1.1 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—
 - (c) the giving by the administrator of reasons for not providing all of the information asked for, or
 - (d) 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

1.2 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) An 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,
 - (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.



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