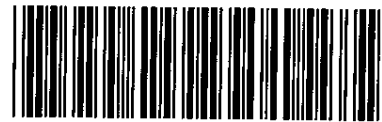




FRIDAY



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A13

18/10/2019

#424

COMPANIES HOUSE

1 Company details

Company number

Company name in full

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s)

Surname

3 Administrator's address

Building name/number

Street

Post town

County/Region

Postcode

Country

4 Administrator's name ①

Full forename(s)

Surname

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

5 Administrator's address ②

Building name/number

Street

Post town

County/Region

Postcode

Country

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

AM10

Notice of administrator's progress report

6 Period of progress report

From date	d	3	d	0	m	1	m	1	y	2	y	0	y	1	y	8
To date	d	2	d	9	m	0	m	5	y	2	y	0	y	1	y	9

7 Progress report

☐ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date	d	1	d	6	m	1	m	0	y	2	y	0	y	1	y	9
----------------	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

AM10

Notice of administrator's progress report



Presenter information

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

Contact name **Kate Conneely**

Company name **Mazars LLP**

Address **45 Church Street**
Birmingham

Post town **B3 2RT**

County/Region

Postcode

Country

DX

Telephone **0121 232 9500**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

H. & E. Knowles (Lye) Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 30/11/2018 To 29/05/2019 £	From 30/11/2016 To 29/05/2019 £
COST OF REALISATIONS		
Administrator's Fees - 11/12	NIL	23,534.00
Corporation Tax	NIL	2,390.81
Insurance of Assets	NIL	998.69
Legal Fees	NIL	11,871.59
Pension Agent's Fees	2,340.00	2,490.00
Pre Administration costs	NIL	59,880.33
Storage Costs	2.30	2.30
	(2,342.30)	(101,167.72)
SECURED ASSETS		
Bank Interest	NIL	45.95
Bank Interest	65.06	313.30
Rent	NIL	29,676.32
Rent	NIL	136,720.60
Unit 11 & 12	NIL	1,029,078.80
Unit 13/14/20 & Britannia Works	500,000.00	1,727,166.67
	500,065.06	2,923,001.64
COSTS OF REALISATION		
Administrator's Fees - 13/14/20/BW	27,165.00	56,250.87
Compliance Costs	7,413.90	7,413.90
Insurance fees	656.00	53,742.13
Insurance fees	NIL	12,587.02
Marcol - Rent and Service Charges	NIL	120,513.50
Property Expenses	NIL	40,612.59
Utilities	NIL	2,117.38
	(35,234.90)	(293,237.39)
SECURED CREDITORS		
Cambridge & Counties Bank	NIL	956,361.43
HSBC	440,000.00	1,474,500.00
	(440,000.00)	(2,430,861.43)
COST OF REALISATION		
Insurance fees	NIL	11,578.79
Legal and Agents costs and disbursements	33,489.89	91,920.20
Marcol - Rent and Service Charges	NIL	12,783.31
	(33,489.89)	(116,282.30)
ASSET REALISATIONS		
Bank Interest Gross	75.48	225.53
Cash at Bank	3,573.81	3,573.81
Motor Vehicles	NIL	NIL
Plant & Machinery	NIL	NIL
Stock	NIL	112,528.56
Sundry refunds	NIL	1,798.49
	3,649.29	118,126.39
	(7,352.74)	99,579.19
REPRESENTED BY		
Fixed Charge C&C BARCLAYS		368.28
Fixed Charge HSBC BARCLAYS		48,354.63
Floating Charge Current BARCLAYS		48,203.24
Vat Control Account float		0.02
VAT Payable Fixed		2,652.56
Vat Receivable		0.46

H. & E. Knowles (Lye) Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 30/11/2018 To 29/05/2019 £	From 30/11/2016 To 29/05/2019 £
------------------------------	---------------------------------------	---------------------------------------

REPRESENTED BY CONTINUED

99,579.19

**H.& E. Knowles (Lye) Limited
In Administration**

**Administrators' progress report covering the period from 30 November 2018 to
29 May 2019**

Contents

Administrators' progress report

1	Introduction
2	Administrators' Receipts and Payments
3	Asset Realisations and Details of Progress
4	Assets still to be realised
5	Estimated Outcome Statement
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9	Pre-Administration Costs
10	Administrators' Remuneration
11	Administrators' Disbursements
12	Expenses
13	Creditors' Rights
14	Data protection
15	Extension of Administration
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Appendices

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B	Administrators' Receipts and Payments Account
C	Estimated Outcome Statement
D	Expenses Statement
E	Analysis of the Administrators' remuneration
E1	Administrators' analysis of time costs and comparison to Fee Estimate
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E3	Rates and Disbursements Policy

H.& E. Knowles (Lye) Limited - In Administration

Administrators' progress report covering the period 30 November 2018 to 30 May 2019

To all known creditors

1. Introduction

- 1.1. This report is prepared pursuant to Rule 18.3 and 18.6 of the Insolvency Rules (England and Wales) 2016, the purpose of which is to provide creditors with details of the progress of the Administration covering the six month anniversary of the Administration, being 30 November 2018.
- 1.2. I was appointed Joint Administrator of the Company, together with Simon Chandler, on 30 November 2016. We are authorised to act as Insolvency Practitioners in the UK by the Insolvency Practitioners Association
- 1.3. This report should be read in conjunction with the Joint Administrators' proposals issued to creditors on 6 December 2016 and previous reports issued.
- 1.4. The purpose of the Administration is to realise property in order to make a distribution to one or more secured or preferential creditors.
- 1.5. The Administration was originally extended by consent of the secured creditors to 30 November 2018. As we would not be in a position to finalise the Administration within this time, an application was made to Court for a further extension. This was granted by the Court until immediately before midnight on 30 November 2019.
- 1.6. Identification details regarding the Company and the Administrators are attached at Appendix A.

2. Administrators' Receipts and Payments

- 2.1. A summary of receipts and payments covering the period from 30 November 2018 to 29 May 2019 is attached at Appendix B. The receipts and payments account also covers the cumulative period from the date of appointment to 29 May 2019. The Directors have not provided a Statement of Affairs so there is no comparison of the estimates provided in the Directors' Statement of Affairs to the actual realisations made to date.
- 2.2. The Company's assets were subject to a number of charges and realisations have been separated by the classification of assets and the primary security holder. The balances as at 29 May 2019 (excluding VAT receivable / payable) are set out in the table below. Further details of the realisations to date and expenses incurred and paid are provided within this report.

Bank account	£
Floating charge current account	48,203.24
Fixed charge current account - Cambridge & Counties Bank Ltd	368.28
Fixed charge current account - HSBC Bank plc	48,354.63

3. Asset Realisations and Details of Progress

Connected Party Transactions:

- 3.1. As previously reported, immediately following the Administration, certain Company assets were sold to HE Knowles (Manufacturing) Limited ("the Purchaser"), a connected party, namely contracts, customer database, goodwill, phone numbers, website, email, stock and items of plant and machinery.
 - 3.2. The terms for payment of the sale consideration were:
 - £50,000 on 3 December 2016
 - 10 monthly instalments of £15,000, commencing in January 2017
 - 3.3. The payment of £50,000 was received, however, only part payment of £112,529 has been made against the balance and the sum of £87,471.44 remains outstanding.
 - 3.4. The sale consideration was secured by a charge over the assets and a personal guarantee from the directors of the Purchaser.
 - 3.5. We continued to pursue the purchaser for payment of the outstanding sale consideration. However, due to non-payment, solicitors were subsequently instructed to prepare a winding up petition and bankruptcy petitions against the directors of the Purchaser in March 2019.
 - 3.6. In late March 2019 we received notice that the Purchaser had entered into a Company Voluntary Arrangement ("CVA"). Consequently, the process was suspended in order to review the position.
- 3.2. Britannia Works**
- 3.2.1. Creditors will recall that the offer detailed above included the granting of an option to purchase Britannia Works at the acquisition price of £850,000.
 - 3.2.2. The Purchaser subsequently advised that they were unable to acquire the property at the previously advised offer and a revised offer of £500,000 excluding VAT was accepted. The sale

completed on 7 December 2018, with the funds being paid in full to solicitors DLA Piper UK LLP ("DLA") following the completion.

3.3. Rent from Purchaser

3.3.1. Prior to the sale the Purchaser occupied the premises under a licence to occupy. Licence fees and insurance to date amount to £132,508.96 with the sum of £31,342.96 plus VAT received to date.

3.3.2. As reported above, the Purchaser has now entered into a CVA and we are currently reviewing the position regarding the pursuit of the outstanding funds.

3.4. Cash at Bank

3.4.1. The sum of £3,573.81 has been received in respect of a refund of historical bank charges.

3.5. Bank Interest

3.5.1 The sum of £225.53 has been received in respect of gross bank interest, of which £75.48 has been received during the period of this report.

4. Assets still to be realised

4.1. Assets still to be realised comprise:

4.2. Rent and Deferred Consideration from Purchaser

4.2.1. The outstanding rent and deferred consideration remain outstanding. It is anticipated that the outstanding funds will be pursued from the Purchaser through the CVA.

5. Estimated Outcome Statement

5.1. An estimate of the outcome of the Administration is attached at Appendix C.

5.2. Based on expected realisations and payments, it is expected that there will insufficient funds to enable a return to unsecured creditors apart from the prescribed part amount, as detailed in Section 7 of the report.

5.3. Based on claims received to date, it is not anticipated that there will be a return to creditors.

5.4. Further details on the expected outcome for each class of creditor is provided below.

6. Liabilities

6.1. Secured Creditors

- 6.1.1. A fixed and floating charge debenture over the Company's assets was granted in favour of HSBC Bank Plc ("HSBC"). It was created on 23 July 2012 and was registered at Companies House on 28 July 2012. As at 30 November 2016, the indebtedness to HSBC totalled £2,134,260, under the terms of their charge. It is anticipated that HSBC will suffer a shortfall under its security. HSBC have been paid the sum of £440,000 in the period of this report, following the sale of Britannia Works.
- 6.1.2. Registered charges created and registered on 21 April 2016 and 7 June 2016 were granted in favour of Bibby Financial Services Ltd ("Bibby"). As at 30 November 2016, Bibby were owed £1,620,414 in respect of the funds relating to a factoring agreement and £196,509 in respect of the funds relating to a tooling agreement. It is anticipated that Bibby will suffer a shortfall.
- 6.1.3. A registered charge created on 31 March 2015 and registered on 7 April 2015 was granted in favour of Cambridge and Counties Bank Limited ("CCB"). As at 30 November 2016, CCB were owed £955,389 under the terms of their charge. CCB have been paid in full following the sale of units 11/12 Waterfall Lane, over which they held security.
- 6.1.4. An inter creditor agreement exists between the secured creditors. We instructed DLA to advise on the validity of the charges and their priority.
- 6.1.5. We understand the priority of charges to be as follows:
- Bibby – first entitlement to the debts
 - HSBC – first entitlement to Britannia Works and Units 13/14/20 Waterfall Lane
 - CCB – first entitlement to Units 11/12 Waterfall
- 6.1.6. The above creditors also hold charges which are expressed as floating charges, which we understand rank in the following order: :
- HSBC
 - Bibby
 - CCB
- 6.1.7. In addition to the above, the records at Companies House show the following charges but we understand from the company that they have been satisfied:
- Registered charges created 31 July 2012 and registered 3 August 2012. Proprietor: HSBC Invoice Finance Limited
 - Assignment of Monies issued on 19 October 2012 and registered on 23 October 2012. Proprietor: HSBC.

6.2. Preferential Creditors

- 6.2.1. Preferential claims arise from arrears of wages and accrued, unpaid holiday pay due to the former employees of the Company who did not receive their full entitlements on redundancy, prior to Administration.

- 6.2.2. The Company employed 78 employees who were transferred to the Purchaser as part of the sale agreement.
- 6.2.3. As all of the employees transferred to the Purchaser, no preferential claims were anticipated in the administration.
- 6.2.4. However, we were advised of unpaid pension contributions that would give rise to a preferential claim. We instructed Clumber Consultancy to prepare and submit the relevant claim to the Redundancy Payments Service in order for the contributions to be paid to the former employees.
- 6.2.5. Unsecured Creditors**
- 6.2.6. The Company's records showed unsecured creditors to be estimated at £2,355,160. A completed Statement of Affairs has not been received from the Directors, therefore, a more accurate figure is unavailable. Claims received to date total £2,173,701.15
- 6.2.7. Creditors will note from the Estimated Outcome Statement, included at Appendix C, assuming that realisations and expenses are as anticipated, it is anticipated that there will be insufficient funds available to enable a distribution to unsecured creditors

7. Prescribed Part

- 7.1. In accordance with Section 176A of the Insolvency Act 1986, a proportion of the Company's net assets are to be set aside for the benefit of the Company's unsecured creditors where the Company has granted a floating charge after 15 September 2003. This is calculated as being 50% of the first £10,000 of net property and 20% of net property thereafter subject to a maximum fund of £600,000. Net property is defined as being the realisations from assets subject to the floating charge after costs and after settlement of the preferential creditors' claims.
- 7.2. As the Company granted a floating charge to HSBC and Bibby on 23 July 2012 and 21 April 2016 respectively, a prescribed part fund will apply in this matter. However, due to the difficulty encountered in selling the property at Britannia Works for the original acquisition price and the subsequent acceptance of a reduced offer, it is not anticipated that there will be any net property available. Accordingly, a prescribed part fund is not expected to be available for unsecured creditors.

8. Investigations

- 8.1. As advised in the Administrators' proposals, under the Company Directors Disqualification Act 1986, the Joint Administrators are required to investigate the affairs of the Company and the conduct of the directors during the three years prior to the Administration. The Joint Administrators can confirm that this obligation has been complied with and a confidential report was submitted to the Insolvency Service on 23 February 2017.
- 8.2. In accordance with Statement of Insolvency Practice 2, the Joint Administrators also carried out an initial assessment to identify any actions which may lead to recoveries in the Administration

and to consider any further investigations which may be required. Following this initial review no further assets or actions were identified which would lead to a recovery for creditors.

- 8.3. Should creditors have any information which they consider may assist the Joint Administrators in carrying out their investigations, or be aware of any matters which they believe should be brought to the attention of the Administrators, please provide details in writing to this office. This request for information forms part of our usual investigation procedures and does not imply that there may be any cause of action lying against any person concerned in the company's affairs.

9. Pre-Administration Costs

- 9.1. As previously reported, the pre-administration costs totalled £59,886.22. These costs were incurred before the Company entered administration but with a view to it doing so. Confirmation and approval of the costs was obtained from the secured creditors on 22 May 2017.

10. Administrators' Remuneration

- 10.1. A resolution was passed by the secured creditors by correspondence on 18 May 2018 at 11.59pm enabling the Joint Administrators to draw remuneration for dealing with the assets subject to floating charges by reference to the time properly spent by the Administrators and their staff in dealing with the matters arising during the Administration. These fees were limited to £81,471.15 plus VAT, as issued to creditors on 1 May 2018. The fees were to be paid as and when funds become available.
- 10.2. A request enabling the Joint Administrators to draw remuneration for dealing with the assets subject to fixed charges at Waterfall Lane and Britannia Works by reference to the time properly spent by the Administrators and their staff in dealing with the matters arising during the Administration, was issued to secured creditors on 23 November 2017. These fees were limited to £52,619.87 plus VAT
- 10.3. A resolution was passed by the secured creditors, by correspondence, on 15 December 2017. The fees were to be paid as and when funds become available.
- 10.4. Attached at Appendix E1 is the actual time costs (fixed and floating) for the six month period 30 November 2018 to 29 May 2019, which total £16,028, representing 69.30 hours at an average hourly rate of £231.28. The Administrators' cumulative time costs (fixed and floating) since appointment to 29 May 2019 total £235,442.60, representing 910.90 hours at an average hourly rate of £258.47
- 10.5. Attached at Appendix E2 is a narrative summary of the Administrators' time costs, which provides further information on the work carried out during the current reporting period, why the work was necessary and whether the work has provided a financial benefit to creditors.

- 10.6. As at 29 May 2019, an amount of £79,784.87 has been drawn against the Administrators' time costs in respect of the fixed charged assets.
- 10.7. As at 29 May 2019, no funds have been drawn against the Administrators' time costs in respect of the floating charged assets.
- 10.8. Based on the current level of time costs and expected future work for the completion of the Administration, the Administrators' total time costs will exceed the approved Fees Estimates. However, at this stage, the Administrators do not propose to seek approval for any amounts in excess of the Fees Estimate from the secured creditors.
- 10.9. Details of the future work anticipated to be carried out by the Joint Administrators includes:
- Realisation of remaining assets as detailed in Section 4 of the report.
 - Adjudication of preferential and unsecured claims and the payment of a prescribed part dividend to unsecured creditors, if applicable.
 - Reporting and statutory and compliance functions including reporting to creditors, internal strategy reviews and the dissolution of the Company once the Administration has concluded.
 - Tax and VAT compliance, including preparing tax computations and returns in respect of the Administration period and seeking final tax clearance prior to closure.
- 10.10. Charge out rates are reviewed annually on 1 September and in common with other professional firms, may increase over the period of the administration of a case. The rates are appropriate to the skills and experience of the team members and the work that they perform. All staff that work on the case, including cashiers, support and any secretarial staff charge their time directly to the assignment. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken.
- 10.11. The charge out rates of the team members employed on the assignment during the period covered by this report remain the same as those disclosed in my previous progress report dated 12 December 2018, and which is available upon request.

11. Administrators' Disbursements

- 11.1. Disbursements are expenses paid by this firm in the first instance and subsequently re-charged to the estate when there are sufficient funds. There are two categories of disbursements, including Category 1 (payments to independent third parties) and Category 2 (costs incurred by the Joint Administrators or the firm that can be allocated to the case on a proper and reasonable basis).
- 11.2. Category 2 disbursements require approval in the same manner as remuneration, and creditors will recall that a resolution was passed on 15 December 2017 by secured creditors in agreement of the anticipated Category 2 disbursements of the Joint Administrators.

- 11.3. There have been no disbursements incurred or paid during the current reporting period.

12. Expenses

- 12.1. Details of all expenses incurred during the period of the report and likely future expenses are provided in the Expenses Statement attached at Appendix D. This also includes a comparison to the original Expense Estimate.
- 12.2. Further details of expenses paid during the period of the report are shown in the receipts and payments account at Appendix B.
- 12.3. I have reviewed the expenses incurred to date and I am satisfied that they are reasonable in the circumstances of the case.

13. Creditors' Rights

13.1. Further information

- 13.1.1. I would advise you that, pursuant to Rule 18.9 of the Insolvency (England and Wales) Rules 2016, a secured creditor or an unsecured creditor with concurrence of at least 5% in value of the unsecured creditors or an unsecured creditor with permission of the Court, may, within 21 days of receipt of this progress report, ask the Administrators for further information about the remuneration and expenses set out in this progress report.

13.2. Apply to Court

- 13.2.1. Additionally, pursuant to Rule 18.34 of the Insolvency (England and Wales) Rules 2016, a secured creditor or an unsecured creditor with concurrence of at least 10% in value of the unsecured creditors or an unsecured creditor with the permission of the Court may, within 8 weeks of the receipt of this progress report, apply to the Court on one or more of the following grounds:
- a. That the remuneration charged by the Joint Administrators, or
 - b. That the basis fixed for the Joint Administrators' remuneration, or
 - c. That the expenses incurred by the Joint Administrators,
- is in all of the circumstances, excessive or inappropriate.

13.3. Further guidance

- 13.3.1. Creditors can find additional information on their rights relating to Administrators' fees in a copy of the publication "A creditors guide to Administrators' Fees", which is available to download from

<https://www.r3.org.uk/media/documents/publications/professional/Administration%20Creditors%20Fee%20Guide%20April%202017.pdf> or alternatively will be provided free of charge upon written request to this office.

14. Data protection

- 14.1. Where the Administrators hold or require personal data from you we will only do so in accordance with the Mazars LLP Insolvency Services Privacy Statement which can be accessed at: www.mazars.co.uk/Legal-and-privacy.

15. Extension of Administration

- 15.1. The Administration was originally extended by consent of the secured creditors to 30 November 2018. As we would not be in a position to finalise the Administration within this time, an application was made to Court for a further extension. This was granted by the Court until immediately before midnight on 30 November 2019. It is anticipated a second application will be made to Court for an extension, as we will not be in a position to finalise the administration prior to 30 November 2019.

16. Ending the Administration

- 16.1. The Matters detailed in section 10.9 prevent the conclusion of the Administration.
- 16.2. The proposed exit route from the Administration is dissolution.



S C Bevan
Joint Administrator

Dated 19 June 2019

Authorised to act as an insolvency practitioner in the UK by the Insolvency Practitioners Association and bound by the Insolvency Code of Ethics. Where personal data is required to be processed, this will be dealt with in accordance with the Mazars LLP Insolvency Services Privacy Statement which can be accessed at: www.mazars.co.uk/Legal-and-privacy.

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

APPENDIX A
H.& E. Knowles (Lye) Limited
In Administration
Identification Details
Details relating to the Company

Company name	H.& E. Knowles (Lye) Limited
Previous names	
Trading name	Parasene
Company number	00745112
Registered office	c/o Mazars LLP, 45 Church Street, Birmingham, B3 2RT
Trading address	Unit 20 Waterfall Lane trading Estate, Waterfall Lane, Cradley Heath, B64 6PU
Court	High Court of Justice, Birmingham District Registry
Court reference	8386 of 2016

Details relating to the Joint Administrators

Date of appointment	30 November 2016
Joint Administrators	S C Bevan and S D Chandler of 45 Church Street, Birmingham, B3 2RT IP No(s) 009614 and 008822
Joint Administrators' functions	All acts required to be done by the joint administrators, may be done by either or both, acting jointly or alone
Joint Administrators' address	c/o Mazars LLP, 45 Church Street, Birmingham, B3 2RT
Appointed by	the directors
Joint Administrator's contact telephone number	0121 232 9500

**H. & E. Knowles (Lye) Limited
(In Administration)**

Joint Administrators' Summary of Receipts & Payments

Appendix B

	From 30/11/2018 To 29/05/2019 £	From 30/11/2016 To 29/05/2019 £
COST OF REALISATIONS		
Administrator's Fees - 11/12	NIL	23,534.00
Corporation Tax	NIL	2,390.81
Insurance of Assets	NIL	998.69
Legal Fees	NIL	11,871.59
Pension Agent's Fees	2,340.00	2,490.00
Pre Administration costs	NIL	59,880.33
Storage Costs	2.30	2.30
	(2,342.30)	(101,167.72)
SECURED ASSETS		
Bank Interest	NIL	45.95
Bank Interest	65.06	313.30
Rent	NIL	29,676.32
Rent	NIL	136,720.60
Unit 11 & 12	NIL	1,029,078.80
Unit 13/14/20 & Britannia Works	500,000.00	1,727,166.67
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Cash at Bank	3,573.81	3,573.81
Motor Vehicles	NIL	NIL
Plant & Machinery	NIL	NIL
Stock	NIL	112,528.56
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	3,649.29	118,126.39
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Vat Control Account float		0.02
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Vat Receivable		0.46

MAZARS

**H. & E. Knowles (Lye) Limited
(In Administration)**

Joint Administrators' Summary of Receipts & Payments

Appendix B

**From 30/11/2018
To 29/05/2019
£**

**From 30/11/2016
To 29/05/2019
£**

REPRESENTED BY CONTINUED

99,579.19

H. & E. Knowles (Lye) Limited - In Administration
Estimated Outcome Statement

APPENDIX C

	Book Value	Estimated	
	£	to Realise	£
		£	
ASSETS Subject to Specific charges			
Plant & Machinery		0	
Close Brothers Asset Finance		(406,000)	
		0	0
Book Debts	1,593,280	258,532	
Bibby Financial Services Limited	(1,620,414)	(817,945)	
		(559,413)	(559,413)
Plant & Machinery - tooling		0	
Bibby Financial Services Limited		(193,509)	
		0	0
Units 13/14/20 Waterfall Lane	1,075,000	1,227,167	
Quarry Bank - Britannia Works	850,000	500,000	
Rental, Service Charges & others		159,011	
Goodwill, Customer database, Website		3	
Realisations Costs		(195,517)	
HSBC Bank Plc	(2,241,596)	(2,241,596)	
		(550,932)	(550,932)
Units 11/12 Waterfall Lane	1,165,000	1,029,078	
Rental, Service Charges & others		136,721	
Realisations Costs		(209,120)	
Cambridge & Counties Bank Ltd	(956,225)	(956,225)	
Bibby Financial Services Limited	(559,413)	(453)	
		0	0
Motor Vehicle - Artic Lorry and Trailer	18,000		
Hitachi Finance	(15,000)		
	3,000		0
Assets not specifically pledged			
Cash at Bank			3,574
Plant & Machinery, Office Equipment			54,800
Motor Vehicles	10,925		9,700
Stock	498,157		135,497
			203,571
Costs of Administration			
Pre appointment costs			(59,865)
Administration Costs (fixed and floating)			(134,091)
Expenses			(8,251)
Disbursements			(317)
Legal Fees			(20,000)
Net Assets available to the Preferential Creditors			(18,953)
LIABILITIES			
PREFERENTIAL CREDITORS:-			
Employees - Pension contributions			Uncertain
			(18,953)
DEBTS SECURED BY FLOATING CHARGE PRE 15 SEPTEMBER 2003			
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS			NIL
			(18,953)
Estimated prescribed part of net property where applicable (to carry down)			0
DEBTS SECURED BY FLOATING CHARGE POST 15 SEPTEMBER 2003			
HSBC Bank Plc		(550,932)	(22,527)
Bibby Financial Services Ltd		(558,960)	
			(22,527)

Estimated prescribed part of net property where applicable (brought down) 0

Unsecured non-preferential claims (excluding any shortfall to floating charge holders)

Trade & Expense Creditors	1,640,430
Shortfall to Finance Agreements	TBA
HMRC re APN	347,090
HMRC re VAT	222,299
HMRC re PAYE & NI	206,275
HMRC re Corporation Tax	15,714

(2,431,809)

Estimated deficiency/surplus as regards non-preferential creditors
(excluding any shortfall in respect of F.C's post 14 September 2003)

(2,431,809)

(2,431,809)

Return to Unsecured Creditors

Nil

EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate (£)	Incurred in previous period 30/11/17 to 29/05/18 (£)	Incurred in previous period 30/05/19 to 29/11/19 (£)	Incurred in current period (£)	Likely future Expenses (£)
Professional advisors' costs The officeholder's choice of the professional advisors listed below was based on their perception of the advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them.						
Legal fees and disbursements	During the reporting period DLA Piper UK LLP have assisted with the realisation of the fixed charged property at Britannia Works. DLA Piper UK LLP will be instructed should any legal issues arise during the course of the Administration. For the purpose of the original expenses estimate an amount of £7,500 to £10,000 plus VAT was included for floating charge assets.	<i>N/A</i> 10,000.00	2,948.20 3,831.60	12,750.00 13,809.20	5,089.76 1,863.60	Nil 4,000.00 to 23,000.00 depending on the action required to pursue the outstanding deferred consideration and occupational costs
Agent's fees and disbursements	Lambert Smith Hampton have been instructed to assist with the sale of the Company's fixed charge property. Their charges are on a percentage of recovery basis of 1.75%.	<i>N/A</i>	8,750.00	4,525.00	Nil	Nil
Chattel agent's fees and disbursements	Hilco Global were retained to assist with the sale of the Company's assets. Their charges were to be on a time cost basis. For the purpose of the original expenses estimate and amount of	1,000.00	0.00	0.00	0.00	0.00

EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate (£)	Incurred in previous period 30/11/17 to 29/05/18 (£)	Incurred in previous period 30/05/19 to 29/11/19 (£)	Incurred in current period (£)	Likely future Expenses (£)
	£1,000 plus Vat was included.					
Pre-appointment fees	See section 9 of the report for further details	72,384.91	0.00	0.00	0.00	0.00
Other expenses						
Corporation tax	Corporation tax will be payable in respect of the interest accrued whilst surplus funds are held on an interest-bearing deposit account. Capital gains tax may also be payable in respect of the disposal of Company assets, however this is not included in the original expense estimate.	100.00	2,390.81	Yet to be calculated	Yet to be calculated	Yet to be calculated
Statutory Advertising	Costs are paid to Courts Advertising for statutory advertising requirements including London Gazette advertisements for notice of the appointment of the Administrators. Future advertising is expected to include notice for intention to declare a dividend.	152.00	0.00	0.00	0.00	84.60
Bond premium	It is a legal requirement that I take out a specific bond in respect of the value of the assets. On the basis that the assets recovered were likely to total £250,000 the bond paid to JLT Specialty Limited was £202.50.	202.50	0.00	0.00	0.00	0.00
Insurance of assets	The assets of the Company are insured with JLT Specialty	10,600.00	14,511.40	14,511.40	656.00	Nil

EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate (£)	Incurred in previous period 30/11/17 to 29/05/18 (£)	Incurred in previous period 30/05/19 to 29/11/19 (£)	Incurred in current period (£)	Likely future Expenses (£)
	Limited. The amount incurred in the period represents the premium for the period 1 December 2018 to 29 May 2019.					
Pension Agents	Clumber Consultancy Limited were instructed to assist with the closure of the Company's pension scheme.	<i>Nil</i>	Nil	15.00	2,040.00	Nil
Utilities	Although not anticipated on the original expenses statement, utility charges have been paid to Eon during the reporting period.	<i>Nil</i>	Nil	2,117.38	Nil	Uncertain
Administrators' Remuneration	Management of the Company's affairs in order to achieve the objective of the Administration. Realising and distributing the Company's assets and performing those tasks required as dictated by statute, best practice and ethical requirements.	55,000.00	25,549.00	25,486.00	10,896	Uncertain
	Costs in dealing with the assets subject to a fixed charge.		11,681.00	9,941.00	5,132.00	Nil
Administrators' Disbursements	Disbursements are expenses paid by this firm in the first instance and subsequently re-charged to the estate when there are sufficient funds. A further breakdown of the disbursements incurred in the period is provided	500.00	21.52	Nil	Nil	Nil

EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	<i>Original Expense Estimate</i> (£)	Incurring in previous period 30/11/17 to 29/05/18 (£)	Incurring in previous period 30/05/19 to 29/11/19 (£)	Incurring in current period (£)	Likely future Expenses (£)
	within Section 11 of the report.					
Total		150,939.41	69,683.33	83,154.98	25,677.36	Uncertain

**ADMINISTRATORS' ANALYSIS OF TIME COSTS
AND COMPARISON TO FEES ESTIMATE**

The Joint Administrators' Fees Estimate for dealing with the assets subject to floating charges as approved by secured creditors on 18 May 2018 was £81,471.15.

The Joint Administrators' Fees Estimate for dealing with the assets subject to fixed charges at Waterfall Lane and Britannia Works as approved by secured creditors on 23 November 2017 was £52,619.87.

As detailed in Section 10 of the report, total costs incurred to date are £235,442.60.

The following table provides details of the Administrators' actual time costs incurred in the current reporting period, 30 November 2018 to 29 May 2019, compared to the estimated costs in accordance with the Fees Estimate. The table also includes the cumulative period from 30 November 2016 to 29 May 2019 which provides details of the Administrators' total time costs since appointment.

Further information on the work undertaken in the current reporting period, including an explanation as to why the various tasks were required and whether the work provides a financial benefit to creditors, is provided within the narrative summary of the Joint Administrators' time costs at Appendix E2.

Creditors will note that a blended hourly charge-out rate has been provided. This is calculated as the prospective average cost per hour based upon the estimated time to be expended by each grade of staff at their specific charge out rate. Details of the hourly rates of staff anticipated to work on this case can be found on the Rates and Disbursements policy attached to this report. Please note that where total costs do not equate to the total time at the blended hourly rate, this is due to rounding.

**ADMINISTRATORS' ANALYSIS OF TIME COSTS
AND COMPARISON TO FEES ESTIMATE**

Description of Work	Fees Estimate Approved on 18 May 2018			Actual time costs for the period 30 November 2018 to 29 May 2019			Cumulative time costs for the period 30 November 2016 to 29 May 2019		
	Total Time (hours)	Total Costs (£)	Blended Hourly Rate (£)	Time incurred (hours)	Total Costs (£)	Blended Hourly Rate (£)	Time incurred (hours)	Total Costs (£)	Blended Hourly Rate (£)
Admin & Planning	24.50	7,191.90	293.55	2.50	575.00	230.00	38.70	9,102.90	251.46
Taxation	62.90	10,045.00	159.70	10.70	2,079.00	194.30	114.30	18,584.00	179.38
Investigations	14.20	3,400.50	239.47	Nil	Nil	Nil	14.90	3673.50	246.54
Realisation of Assets	224.00	69,854.70	311.85	16.10	5,164.00	320.75	296.10	95,260.20	321.72
Employees	1.70	425.50	250.29	1.40	266.00	190.00	7.00	1,536.50	219.50
Creditors	114.60	28,539.50	249.04	9.10	2,099.00	230.66	151.10	37,886.50	250.74
Reporting	83.70	23,732.00	283.54	17.30	3,917.00	226.42	153.70	40,912.50	266.18
Distributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cashiering	53.10	8,208.70	154.59	10.40	1,626.00	156.35	81.00	12,551.20	154.95
Statutory compliance	44.00	10,629.80	241.59	1.80	302.00	167.78	54.10	12,796.30	236.53
Totals	622.70	162,027.60	260.20	69.30	16,028.00	231.28	910.90	235,442.60	258.47

**NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS
FOR THE PERIOD 30 NOVEMBER 2018 TO 29 MAY 2019**

Introduction

The summary provides a proportionate overview of the work carried out in light of the specific circumstances of the case and includes details of the work that has been done during the period, why it was done and whether the work provides a financial benefit to creditors.

This summary should be read together with the Joint Administrators' Time Costs Analysis at Appendix E1. The costs incurred in relation to each category are set out in the attached Time Cost Analysis.

Work carried out in the current period
Administration and planning

The Administrators have undertaken the following work:

- Ongoing strategy meetings regarding the conduct of the case, the realisation of the property and the deferred consideration.
- Filing and record management.
- Managing and maintaining the case on the Firm's client systems and our specialist insolvency software system.

The majority of this work derived no financial benefit for creditors. However, appropriate case administration and planning ensures that the case is managed coherently and efficiently, with minimisation of costs and avoidance of duplication of work. A clear case strategy and strong internal processes aid to add value through the efficient management of the case. This work is also required in order to appropriately document and record how the case has been administered in accordance with regulatory requirements.

Taxation

The following activities were undertaken in order to ensure the Company is compliant with tax requirements:

- Preparing post Administration VAT returns for 01/12/18 to 31/01/19 and 01/02/19 to 30/04/19.

The majority of this work derived no financial benefit for creditors, however, it is required in accordance with tax legislation.

Realisation of Assets

The work undertaken in respect of the realisation of the Company's assets is detailed in Sections 3 and 4 of the report. The main assets comprised units at Britannia Works. The units at Britannia Works were sold on 7 December 2018. Consequently significant financial benefit has been derived from the realisation of the assets.

We have also continued with our pursuit of the deferred consideration and the occupation costs incurred by the Purchaser of Britannia Works, also ensuring our compliance with legislation and insurance requirements

The work undertaken has added value for the benefit of creditors by enabling the realisation of funds in the estate. The costs associated with the recovery are considered appropriate in the circumstances.

Employees

The Company employed 78 employees who were transferred to the purchaser of the business as part of the sale agreement. Work undertaken in order to ensure that any employee requests have been dealt with appropriately includes:

- Liaising with Clumber Consultancy regarding the unpaid pension contributions.

The work in this category does not provide a direct financial benefit to creditors.

Creditors

There are approximately 197 unsecured creditors. In order to ensure that creditors are dealt with appropriately, the following work has been undertaken:

- Responding to any queries which arise.

**NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS
FOR THE PERIOD 30 NOVEMBER 2018 TO 29 MAY 2019**

- Logging creditors' claims.
- Updating creditors in respect of our progress.

The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors. However, if a dividend is to be paid to unsecured creditors, work undertaken in dealing with creditor claims does have a financial benefit in enabling the correct adjudication of claims (as detailed further below).

Reporting

Reporting requirements during the period as prescribed by statute have included the following:

- Six-monthly progress reports are required to be issued by the Insolvency Act and Rules to provide creditors with an update of the progress of the Administration.
- Reporting to secured creditor in respect of strategy and realisation of assets.

The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure that the case has been administered in line with regulatory requirements.

Cashiering

Cashiering work undertaken includes:

- Bank account maintenance, including periodic reconciliations.
- Issuing payments and banking receipts, and preparing the appropriate paperwork for such transactions.

The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure that the estate bank account is operated in accordance with guidance issued by my regulatory body.

Statutory and Compliance

The work undertaken as required by statute and our internal procedures involves:

- Case monitoring and statutory compliance, including internal case reviews.
- Statutory case reporting and filing requirements with Companies House.

The majority of this work derived no financial benefit for creditors. However, this work is required in order to ensure that the case has been administered in accordance with regulatory requirements.

H.& E. Knowles (Lye) Limited - In Administration**Rates and Disbursements Policy****Charge-out rates**

Details of the current charge-out rates of the personnel working on this case are set out below:

	Partner	Director	Manager	Administrator	Cashier	Support Staff
Range (£)	440.00	390.00	335.00 - 215.00	190.00 – 80.00	190.00 – 80.00	90.00

Charge-out rates are reviewed annually on 1 September and in common with other professional firms, may increase over the period of the administration of a case. The rates are appropriate to the skills and experience of the team member and the work that they perform. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken.

Specialist departments within our Firm, (such as Tax and VAT) may charge a number of hours if and when their expert advice is required. The rate ranges above incorporate these different rates.

Disbursements

Some of the expenses incurred on this matter are likely to be paid by this firm in the first instance and subsequently re-charged to the estate. Such disbursements fall into 2 categories as follows:

Category 1 disbursements: These are payments to independent third parties where there is specific expenditure directly referable to the case and as such can be drawn without prior approval.

Category 2 disbursements: These are costs that are directly referable to the case but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the Administrators or their firm, and that can be allocated to the case on a proper and reasonable basis. Such disbursements require approval in the same manner as remuneration.

It is proposed that the following Category 2 disbursements incurred in administering the case be charged:

- Mileage will be charged at relevant Inland Revenue rates, currently 45p per mile.

All other disbursements are to be reimbursed at cost.

The Administrators reserve the right to increase the charges applicable to mileage and photocopying during the course of the Administration in line with inflation or increases from our suppliers. Any material amendments will be advised to creditors in the next statutory report.