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refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 1 3 6 3 1 5 3

Company name in full Heath Springs and Components Limited

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) James Andrew

Surname Saunders

### 3 Administrator's address

Building name/number c/o Kroll Advisory Ltd.

Street The Chancery

58 Spring Gardens

Post town Manchester

County/Region

Postcode M 2 1 E W

Country

### 4 Administrator's name ①

Full forename(s) Matthew

Surname Ingram

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number c/o Kroll Advisory Ltd.

Street 4B Cornerblock

2 Cornwall Street

Post town Birmingham

County/Region

Postcode B 3 2 D X

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	<sup>d</sup> 1	<sup>d</sup> 5	<sup>m</sup> 0	<sup>m</sup> 9	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 3
To date	<sup>d</sup> 1	<sup>d</sup> 4	<sup>m</sup> 0	<sup>m</sup> 3	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 4

### 7 Progress report

☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X 

X

Signature date	<sup>d</sup> 0	<sup>d</sup> 9	<sup>m</sup> 0	<sup>m</sup> 4	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 4
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**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 **Sapna Rishi-Raj**

Company name **Kroll Advisory Ltd.**

Address  
**4b Cornerblock  
2 Cornwall Street**

Post town **Birmingham**

County/Region

Postcode 

B	3		2	D	X		
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Country

DX

Telephone **+44 (0) 121 214 1143**

**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**

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

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**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**



Heath Springs and Components Limited (In Administration)  
Joint Administrators' Trading Account

From 15/09/2023 to 14/03/2024

	£	€	\$
POST APPOINTMENT SALES			
Sales	1,091,725.02	938,074.24	475,211.55
Customer Contributions	1,304,025.78	NIL	NIL
	<u>2,395,750.80</u>	<u>938,074.24</u>	<u>475,211.55</u>
PURCHASES			
Raw Materials	404,474.04	329,211.84	31,385.00
	<u>(404,474.04)</u>	<u>(329,211.84)</u>	<u>(31,385.00)</u>
OTHER DIRECT COSTS			
Third Party Treatments/Processes	173,248.58	NIL	7,680.00
Direct Labour	530,081.89	NIL	NIL
Direct Expenses	8,010.05	NIL	NIL
	<u>(711,340.52)</u>	<u>NIL</u>	<u>(7,680.00)</u>
TRADING EXPENDITURE			
Indirect Labour	63,750.48	NIL	NIL
Rents	92,700.58	NIL	NIL
Rates	20,785.84	NIL	NIL
Utilities	5,611.42	NIL	NIL
Carriage	170.00	NIL	NIL
Insurance	98,866.59	NIL	NIL
Professional Fees	8,588.16	NIL	4,328.82
Lease/HP Payments	47,108.16	NIL	NIL
Hire of Equipment	35,614.64	NIL	NIL
Building Maintenance	7,598.52	NIL	NIL
Machine Maintenance	46,678.45	2,831.00	NIL
Stationery	1,462.15	NIL	NIL
Health and Safety	19,813.55	NIL	NIL
Tooling Payments	33,529.67	NIL	NIL
Packaging	21,703.79	NIL	NIL
Employee Benefits	9,678.95	NIL	417.89
Logistic Materials	1,025.00	NIL	NIL
Consumables	120.00	NIL	NIL
Haulage	250.00	NIL	NIL
Pension Contributions	52,645.17	NIL	NIL
	<u>(567,701.12)</u>	<u>(2,831.00)</u>	<u>(4,746.71)</u>
TRADING SURPLUS/(DEFICIT)	<u>712,235.12</u>	<u>606,031.40</u>	<u>431,399.84</u>



Heath Springs and Components Limited  
(In Administration)  
Joint Administrators' Summary of Receipts and Payments

From 15/09/2023 to 14/03/2024			
	£	€	\$
SECURED ASSETS			
Book Debts	NIL	NIL	NIL
	-	NIL	NIL
SECURED CREDITORS			
Close Invoice Financing Agreement	NIL	NIL	NIL
Close Brothers Asset Finance	NIL	NIL	NIL
	NIL	NIL	NIL
ASSET REALISATIONS			
Furniture & Equipment	NIL	NIL	NIL
Stock	NIL	NIL	NIL
Debtors	13,083.33	NIL	8,130.00
Insurance Refund	643.08	NIL	NIL
Cash at Bank	NIL	NIL	NIL
Sundry Refunds	60.00	NIL	NIL
Bank Interest Gross	15,825.35	NIL	NIL
Trading Surplus/(Deficit)	712,235.12	606,031.40	431,399.84
	741,846.88	606,031.40	439,529.84
COSTS OF REALISATIONS			
Stationery & Postage	390.50	NIL	NIL
Data Room Costs	1,196.00	NIL	NIL
Bank Charges	664.15	116.14	86.67
	(2,250.65)	(116.14)	(86.67)
	739,596.23	605,915.26	439,443.17
REPRESENTED BY			
Floating/main current account	698,607.29	568,236.79	433,166.17
VAT Payable	(119,448.99)	(362.52)	NIL
VAT Receivable	160,437.93	38,040.99	6,277.00
	739,596.23	605,915.26	439,443.17
*Euro to Sterling Exchange Rate: 0.865533		0.8655	
*USD to Sterling Exchange Rate: 0.808871			0.8089
Sterling Equivalent		524,439.65	355,452.84
Total Sterling Retained	1,619,488.72		

\*Please note that the exchange rates are as at 31 October 2023.



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# Progress Report to Creditors

9 April 2024

## Heath Springs and Components Limited (In Administration)

*Joint Administrators' Progress Report for the period from 15 September 2023 to 14 March 2024.*



## **Contents**

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7. Future strategy

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Appendix 7 – Statement of Creditors' Rights

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## **1. Introduction**

The Joint Administrators were appointed on 15 September 2023 by an order of the High Court of Justice Business and Property Courts of Manchester Insolvency and Companies List (ChD) under number CR-2023-MAN-001146. The application was made by the Directors of the Company.

This progress report provides an update on the Administration of the Company. It should be read in conjunction with the Proposals.

The Joint Administrators' have also explained their future strategy for the Administration and how likely it is that they will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs the Joint Administrators have incurred.

A glossary of the abbreviations and definitions used throughout this document is attached at Appendix 8.

Please also note that an important legal notice about this progress report to creditors is attached at Appendix 9.

## **2. Creditor summary**

This progress report covers the Reporting Period.

### **Summary of Proposals**

The statutory purpose of an Administration is to achieve one of the following hierarchical objectives:

- Rescuing the Company as a going concern; or
- Achieving a better result for the Company's Creditors as a whole than would be likely if the company were wound up (without first being in Administration); or
- Realising property in order to make a distribution to one or more Secured or Preferential Creditors.

The Joint Administrators are pursuing the second objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration) in accordance with Paragraph 3(1)(b), for the reasons noted below.

- As the Joint Administrators have continued to trade the business, it is likely that a higher value for the Company's assets will be obtained than if the Company had been wound-down in an Administration or Liquidation process and the assets sold on a piece meal basis;
- In the event that a sale can be achieved on a going concern basis, it would likely result in the TUPE transfer of the Company's workforce which would mitigate employee claims for unpaid holiday pay, redundancy and notice pay; and



- A potential sale would also ensure continuity for the Company's customer and supplier base.

There are no amendments or deviations from the Proposals.

### Progress to date

The manner in which the affairs and business of the Company have been managed since the Appointment Date and will continue to be managed and financed are set out in Section 3 of this report.

### Outcome for Creditors

#### Secured Creditors

At the Appointment Date the Company had granted the following charges:

Chargeholder	Created on	Delivered on	Description
Close Brothers Limited	14 July 2022	18 July 2022	Contains fixed and floating charge and negative pledge.
A2E Industries Limited	14 July 2022	29 July 2022	Contains fixed and floating charge and negative pledge.

Close's indebtedness in relation to an invoice discounting facility has been repaid in full, from the debt collections achieved during the Administration. Repayment of the plant and machinery loan will be dependent on the outcome of the sale of business process.

At this stage it is not possible to state whether there will be a distribution to A2e under its security.

#### Preferential Creditors

As the Joint Administrators are continuing to trade the business whilst seeking a sale of the business and assets on a going concern basis in the first instance, the Joint Administrators' will continue to pay employee wages during the trading period, therefore there will be no claims in respect of arrears of wages. It is also anticipated that there will be no claims in respect of unpaid holiday pay if a sale of the business can be completed and the employees transfer to a purchaser pursuant to TUPE regulations.

The unpaid employee pension contributions as at the Appointment Date totalled £17,343. These claims are likely to be subrogated to the DBT following any payments to the employees by the RPS.

Any distribution to the Primary Preferential Creditors will be dependent on the outcome of the sale of business process.

HMRC also rank as a Secondary Preferential Creditor in relation to VAT, PAYE, income tax and employee national insurance contributions.



Based on current information, it is uncertain as to whether there will be sufficient realisations to pay a dividend to HMRC.

### **Unsecured Creditors**

It is currently anticipated that there will be insufficient asset realisations to enable a distribution to the unsecured creditors.

Please note this Progress Report provides creditors with an account of the progress of the Administration of the Company in the Reporting Period. The Proposals issued to the Company's creditors are available to view at <http://www.kroll.com/ukrestructuring> and paper copies can be provided free of charge by writing to Adam Lyons at Kroll Advisory Ltd, The Chancery, 58 Spring Gardens, Manchester, M2 1EW.

Unless otherwise stated, all amounts in this progress report and appendices are stated net of VAT.

## **3. Progress of the Administration**

This section provides an update on the Joint Administrators' strategy for the Administration and progress to date.

### **3.1 Strategy and progress to date**

- The Joint Administrators have realised assets in the Reporting Period, as reported below.
- The Joint Administrators have continued to trade the Company with seeking a going concern sale of the business and assets to potential purchasers.
- There were no major amendments to or deviations from the Proposals.

### **3.2 Asset realisations**

#### **3.2.1 Book debts**

According to the Company's books and records the outstanding debts due to the Company totalled £1,216,955 as at the Appointment Date across the sterling, euro and dollar ledgers. The euro and dollar ledgers were converted using the Bank of England spot rate as at the Appointment Date. These debts were assigned to Close under an invoice discounting agreement created on 14 July 2022.

The principal amount owing to Close under the invoice discounting agreement as at the Appointment Date was £974,726, subject to accruing interest and charges.

As a result of the collections undertaken by the Joint Administrators, Close are currently holding a surplus in the sum of £380,329. However, it should be noted that a proportion of this sum relates to post-appointment sales receipts. A reconciliation is currently being undertaken and any funds relating to post-appointment sales receipts will be transferred to the Administration estate account accordingly.

It should also be noted that some debtors have made payment to the Administration estate rather than the Close facility (as reflected on the R&P). These funds are being held to Closes' order.



It is expected that any surplus in respect of book debt collections will be retained by Close pending the outcome of the sale of business which will determine the recovery under Close's plant and machinery loan.

### **3.2.2 Intercompany debtors**

According to the Company's books and records there are outstanding debtor balances due to the Company from associated companies, AW Real Estate 2 Ltd and HIH.

HIH entered into Creditors' Voluntary Liquidation on 23 January 2024. A claim will be lodged within the Liquidation estate shortly, however, it is anticipated that there will be insufficient realisations to enable a distribution to the Administration estate and the balance of £590,830 due from HIH will be written off accordingly.

The Joint Administrators are continuing to review and reconcile the amounts due from AW Real Estate 2 Ltd and an update will be provided in the next report to creditors.

### **3.2.3 Bank interest gross**

During the Reporting Period, the Joint Administrators have received £15,825 in relation to bank interest.

### **3.2.4 Insurance refund**

An insurance refund in the sum of £643 was received from the Company's pre-appointment insurers following the policy being cancelled.

### **3.2.5 Sundry Refund**

A sum of £60 was received from Pennington Manches Cooper LLP in relation to a pre-appointment claim made by the Company.

### **3.2.6 Cash at bank**

On appointment the Joint Administrators wrote to the Company's pre-appointment bankers to advise that the Company had entered into Administration and to request any credit balances be transferred to the Administration estate.

The pre-appointment bankers have confirmed that there is a credit balance on two of the Company's account. The Joint Administrators are currently awaiting confirmation from HSBC of the sum of the credit balance.

### **3.2.7 Trading strategy**

As reported in the Proposals, a trading strategy was considered by the Joint Administrators in light of the likely customer demand.



To ensure that the trading risk was minimised the Joint Administrators agreed revised terms of trade with the Company's customer base. This has enabled the Company to continue to trade whilst a purchaser for the business is sought.

The Joint Administrators took steps to vacate the Company's distribution facility to reduce the cost base. The Company vacated the property on 28 September 2023. The landlord agreed a surrender with effect from the same date.

The Joint Administrators have also agreed terms with the Company's major suppliers to ensure that the supply chain is uninterrupted so that the Company may continue to meet customer demand during the trading period.

Certain customers have provided payments in advance for the trading period, this is noted in Appendix 3 under 'Customer Contributions'. The receipt of payments in advance from customers has also ensured that the Company can continue to meet supplier payments and employee wages. The Joint Administrators are satisfied that there is commercial rational for requesting the advance payments.

Gross sales since the Appointment Date are £3,375,385 (converted to sterling using the Spot Rate where applicable). Note that the figures at Appendix 3 relate to cash receipts and as such will not reconcile with the gross sales figure.

The paid trading costs are provided below with the principal areas including salaries, supplier payments and maintenance costs.

Costs	Administration to Date £
Paid trading costs*	2,007,816

*\*Costs have been converted to sterling where applicable.*

The paid trading costs do not include the Joint Administrators' time costs directly attributable to the trading of the business and associated matters. These are detailed at Appendix 5.

### **3.2.8 Sale of business**

As already reported, the Joint Administrators are continuing to trade the Company whilst seeking a purchaser for the business and assets on a going concern basis.

The Joint Administrators initiated the sale process in December 2023 and issued a teaser document to approximately 110 potential interested parties, which included those parties who had already registered interest in the business, as well as potential interested parties from Kroll's database which includes private equity houses, investors, financiers and other trade parties.

A number of offers were received for the business and the Joint Administrators are continuing discussions with remaining interested parties and assisting them with their due diligence.



The sale process is ongoing and further details cannot be shared at this point in order to avoid prejudicing the outcome. A further update will be provided in the next progress report to creditors.

### **3.2.9 Investigations**

The Joint Administrators reviewed the affairs of the Company to find out if there were any actions which could be taken against third parties to increase recoveries for Creditors.

The Joint Administrators have a statutory obligation to file a report with the Insolvency Service concerning the conduct of all directors of the Company that served in the three years prior to the Joint Administrators appointment. The Joint Administrators have filed their confidential report with the Insolvency Service regarding the conduct of the Directors of the Company. The contents of this report are confidential.

If any creditor has any information concerning the Companies' affairs that they would like to bring to the Joint Administrators' attention, please do so by writing to or Kroll Advisory Ltd, The Chancery, 58 Spring Gardens, Manchester, M2 1EW.

### **3.3 Costs**

Payments made in the Reporting Period are set out in the attached receipts and payments account at Appendix 3.

All significant payments made during the Reporting Period relate to the ongoing trading of the Company.

A detailed breakdown of the trading costs is provided at Appendix 3 under the Joint Administrators' Trading Account.

### **3.4 Fees and expenses**

The Joint Administrators have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached at Appendix 4.

## **4. Outcome for Creditors**

### **4.1 Secured Creditors**

#### **Close**

In consideration for the monies advanced under the invoice discounting agreement the Company granted Close a debenture, which confers fixed and floating charges over all of the assets of the Company. The charge was created on 14 July 2022 and delivered to Companies House on 18 July 2022.

Close's indebtedness in relation to the invoice discounting agreement has been repaid in full.

Close also entered into a long-term loan agreement in relation to the Company's plant and machinery. Any return to Close in this regard will be subject to the value achieved from the sale of business and/or assets.



## **A2e**

The Company granted a fixed and floating charge over all of the assets of the Company to A2e on 14 July 2022. The charge was delivered to Companies House on 29 July 2022.

At this stage it is not possible to determine whether there will be a distribution to A2e under its security.

## **4.2 Preferential Creditors**

### **Primary Preferential Creditors**

As reported in the Proposals, Primary Preferential Creditors' claims relate to employees claims for arrears of wages, unpaid holiday pay and unpaid pension contributions as calculated in accordance with legalisation.

As the Joint Administrators are continuing to trade the business whilst seeking a sale of the business and assets on a going concern basis in the first instance, the Administrators will continue to pay employee wages during the trading period, therefore there will be no claims in respect of arrears of wages.

In the event a purchaser for the business is found, it is expected that the employees will transfer pursuant to TUPE regulations, therefore no preferential claims are currently expected in respect of unpaid holiday pay.

The unpaid employee pension contributions as at the Appointment Date totalled £17,343. These claims are likely to be subrogated to the DBT following any payment to the employees by the RPS.

Based on current information, it is uncertain as to whether there will be sufficient realisations to pay a dividend to this class of Preferential Creditor.

### **Secondary Preferential Creditors**

Secondary Preferential claims from HMRC which include claims for VAT, PAYE, income tax and employee national insurance contributions. Secondary Preferential claims are paid after the other preferential claims are settled in full. A claim from HMRC is currently awaited, however, during the Reporting Period a statement of liabilities in the sum of £114,333 has been received from HMRC in relation to PAYE.

Based on current information, it is uncertain as to whether there will be sufficient realisations to pay a dividend to this class of Preferential Creditors.

## **4.3 Unsecured Creditors**

According to the Statement of Affairs, unsecured creditors totalled £1,875,953.

To date, unsecured creditor claims totalling £1,264,838 have been received from 43 creditors.



Based on the current information available to the Joint Administrators, it is anticipated that there will be insufficient realisations to enable a distribution to the unsecured creditors of the Company. However, this will be subject to (1) the level of future asset realisations, (2) the level of Secured, Preferential, and unsecured claims and (3) the costs of the Administration.

An update will be provided in the next progress report.

#### **4.4 Prescribed part**

The prescribed part is calculated as a percentage of net property, as follows:

Net property less than £10,000:	50% unless the Joint Administrator considers that the costs of making a distribution to the unsecured creditors would be disproportionate to the benefits.
Net property greater than £10,000:	50% up to £10,000 plus 20% thereafter to a maximum of £800,000.

The Company granted a floating charge to Close on 14 July 2022 and therefore the Prescribed Part provisions will apply. At this stage it is not possible to state whether there will be a distribution pursuant to the Prescribed Part as it will depend upon the outcome of the sale process.

Please note that the estimates detailed in this report do not affect creditors' rights to submit a claim.

### **5. Other matters**

#### **5.1 Decision procedure**

No decision procedure is being sought as part of this report.

#### **5.2 Creditors' Committee**

The Joint Administrators did not receive any nominations in respect of the Creditors' Committee and therefore no Creditors' Committee has been formed.

#### **5.3 Joint Administrators' Receipts and Payments account**

A detailed Receipts and Payments Account for the Reporting Period is shown at Appendix 3.

#### **5.4 Creditors' rights**

Further information regarding the remuneration and expenses of the Joint Administrators, including Creditors' rights to challenge such costs is provided at Appendix 7.



## **6. Fees, Expenses and Pre-Administration costs**

### **6.1 Fees and expenses**

#### **6.1.1 Time costs**

Time has been charged in six-minute units. Details of the time charged for the Reporting Period are attached at Appendix 5.

Time costs incurred in the Reporting Period total £1,030,801, which represents 2,458 hours at an average hourly rate of £419.

These costs have exceeded the original fee estimate of £899,121 provided in the Proposals. This largely relates to increased trading costs due to the protracted nature of the sale process. The original fee estimate assumed a trading period of 21 weeks.

In accordance with SIP 9, the Joint Administrators have provided further narrative detail of the time costs incurred at Appendix 6.

#### **6.1.2 Fees**

No further fees have been drawn in the Reporting Period.

A decision by correspondence procedure for the basis of the Joint Administrators remuneration was sought from the Secured and Preferential Creditors. Votes were received from the Secured Creditors however insufficient votes were received from the Preferential Creditors in advance of the deadline, as such the decision procedure was void.

The Joint Administrators are seeking a decision on the basis of their remuneration, together with a revised fee estimate, from the Secured and Preferential Creditors under separate cover.

An update will be provided in the next report to creditors.

#### **6.1.3 Expenses**

Expenses are any payments from the Administration which are neither an Administrator's remuneration nor a distribution to a creditor or member. Expenses also include disbursements. Disbursements are payments which are first met by the Administrator and then reimbursed to the Administrator from the Administration.

Expenses are divided into those that do not need approval before they are charged to the Administration (Category 1) and those that do (Category 2).

Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the Administrator.

Category 2 expense are payments to associates or which have an element of shared costs and require approval from creditors in the same manner as the Administrator's remuneration, whether paid directly from the estate or as a disbursement.



Appendix 4 details the current update of the expenses estimate.

Appendix 4 also details the expenses incurred and paid during the Reporting Period.

In the Reporting Period, Category 1 expenses of £4,865 were incurred of which £1,587 was paid. In the same period, no Category 2 expenses have incurred, with the exception of those incurred in relation to trading the Company whilst in Administration.

These total £14,005 and have not been paid as Category 2 approval has not yet been received.

#### 6.1.4 Additional information

Also attached at Appendix 6 is a narrative summary of the work carried out to assist creditors in understanding the progress of the Administration, the associated costs and expenses of the related activities and the financial benefit to creditors.

Details of how to obtain further information relating to the fees and expenses of the Joint Administrators is set out in Appendix 7.

#### 6.2 Pre-Administration costs

Pre-Administration costs are fees, charges and expenses incurred by the Joint Administrators or their firm, or another person qualified to act as an insolvency practitioner, before the Company entered Administration but with a view to it doing so.

Pre-Administration costs	Paid (£)	Unpaid (£)	Total (£)
Kroll	Nil	112,018	112,018
Talon - Agent's fees	Nil	3,500	3,500
Talon - Agent's disbursements	Nil	100	100
Hill Dickinson LLP - Legal fees	Nil	6,060	6,060
Hill Dickson LLP – Legal disbursements	Nil	50	50
<b>Total</b>	<b>Nil</b>	<b>121,728</b>	<b>121,728</b>

As noted at section 6.1.2, the Joint Administrators sought approval of the Secured and Preferential Creditors to the Pre-Administration costs by way of a decision procedure, however insufficient votes were received prior to the deadline.

Consequently, the Joint Administrators have written to these creditors again under separate cover to seek the relevant approvals.

### 7. Future strategy

#### 7.1 Future conduct of the Administration

The Joint Administrators will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the Administration.



This will include but not be limited to:

- Completing a sale of the Company's business and assets on a going concern basis and supporting the transition of the Company to a purchaser;
- Finalising the trading account;
- Seek approval of the basis of the Joint Administrators remuneration from the Secured and Preferential Creditors;
- Making distributions to Creditors, where fund allow;
- Seeking an extension to the period of Administration, if required; and
- Dealing with statutory matters and duties including accounting for VAT and completing corporation tax returns.

## 7.2 Extension of the Administration

An Administration automatically comes to an end after one year, unless an extension is granted by the Court or with the creditors' consent.

Due to the protracted nature of the sale process, it is anticipated that an extension will be required, and the Joint Administrators will seek approval from creditors at the appropriate time.

## 7.3 Future reporting

The Joint Administrators will provide a further progress report within one month of the anniversary of the Administration or earlier if the Administration has been completed prior to that time.

If you require further information or assistance, please do not hesitate to contact Adam Lyons.



**James Saunders**  
Joint Administrator

Enc.

The affairs, business and property of the Company are being managed by the Joint Administrators, James Saunders and Matthew Ingram, who act as agents for the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association.



## Appendix 1 – Statutory information

### Company information

<b>Company and trading name</b>	Heath Springs and Components Limited	
<b>Date of incorporation</b>	17 April 1978	
<b>Registered Number</b>	01363153	
<b>Company Director(s)</b>	Richard Bray, David Jones and William Rawkins	
<b>Shareholders</b>	A2e Industries Limited	
<b>Trading addresses</b>	Heath House Hewell Road Redditch B97 6AY  Unit 21 Trescott Road Redditch Worcestershire B98 7AH	
<b>Registered office</b>	<b>Current:</b> C/O Kroll Advisory Ltd. The Chancery 58 Spring Gardens Manchester M2 1EW	<b>Former:</b> c/o A2e Industries Limited No. 1 Marsden Street Manchester M2 1HW
<b>Any Other trading names</b>	Peterson Springs	

### Administration information

<b>Administration Appointment</b>	The Administration appointment granted in the High Court of Justice Business and Property Courts of Manchester Insolvency and Companies List (ChD), CR-2023-MAN-001146
<b>Appointor</b>	The Directors
<b>Appointment Date</b>	15 September 2023
<b>Joint Administrators</b>	James Saunders and Matthew Ingram
<b>Original purpose</b>	Achieving a better result for a company's creditors as a whole than would be likely if the company were wound up (without first being in Administration)



<b>Functions</b>	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2) of Schedule B1.
<b>Current Administration expiry date</b>	14 September 2024
<b>Prescribed Part</b>	The Prescribed Part has been taken into account when determining the dividend prospects for Unsecured Creditors.
<b>Application of EC Regulations</b>	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.



## **Appendix 2 – Approved Proposals**

### **General**

- To continue to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect;
- To do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they, in their sole and absolute discretion, consider desirable or expedient in order to achieve the purpose of the Administration;
- To investigate and, if appropriate, pursue any claims the Company may have for the benefit of the Company's creditors; and
- Seek an extension to the Administration period if considered necessary.

### **Distributions**

- To make distributions to the Secured and Preferential Creditors where funds allow;
- To make distributions to the unsecured creditors from the Prescribed Part, if applicable; and
- To make a distribution to the unsecured creditors, over and above the Prescribed Part, if applicable.

### **End of Administration**

That the Joint Administrators might use any or a combination of the following exit route strategies in order to bring the Administration to an end:

- Apply to Court for the Administration order to cease to have effect from a specified time and for the return of control to the Directors;
- Place the Company into Creditors' Voluntary Liquidation if deemed appropriate. It is proposed that the Joint Administrators, currently James Saunders and Matthew Ingram of Kroll would act as Joint Liquidators should the Company be placed into Creditors' Voluntary Liquidation. The Creditors may nominate a different person as the proposed Liquidator, provided the nomination is received at this office prior to the approval of these Proposals. Any action required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them;
- Petition the Court for a winding-up order placing the Company into Compulsory Liquidation if deemed appropriate. It is proposed that the Joint Administrators, currently James Saunders and Matthew Ingram of Kroll would act as Joint Liquidators should the Company be placed into Compulsory Liquidation without further recourse to Creditors. Any action required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them;



- Take the necessary steps to give notice of move from Administration to dissolution with the Registrar of Companies because (1) the Company has no remaining property which might permit a distribution to its Creditors, and (2) all outstanding matters have been satisfactorily completed.

Alternatively, the Joint Administrators may allow the Administration to end automatically.



## Appendix 3 – Receipts and Payments Account

### Heath Springs and Components Limited (In Administration) Joint Administrators' Trading Account

	From 15/09/2023 to 14/03/2024		
	£	€	\$
POST APPOINTMENT SALES			
Sales	1,091,725.02	938,074.24	475,211.55
Customer Contributions	1,304,025.78	NIL	NIL
	<u>2,395,750.80</u>	<u>938,074.24</u>	<u>475,211.55</u>
PURCHASES			
Raw Materials	404,474.04	329,211.84	31,385.00
	<u>(404,474.04)</u>	<u>(329,211.84)</u>	<u>(31,385.00)</u>
OTHER DIRECT COSTS			
Third Party Treatments/Processes	173,248.58	NIL	7,680.00
Direct Labour	530,081.89	NIL	NIL
Direct Expenses	8,010.05	NIL	NIL
	<u>(711,340.52)</u>	<u>NIL</u>	<u>(7,680.00)</u>
TRADING EXPENDITURE			
Indirect Labour	63,750.48	NIL	NIL
Rents	92,700.58	NIL	NIL
Rates	20,785.84	NIL	NIL
Utilities	5,611.42	NIL	NIL
Carriage	170.00	NIL	NIL
Insurance	98,866.59	NIL	NIL
Professional Fees	8,588.16	NIL	4,328.82
Lease/HP Payments	47,108.16	NIL	NIL
Hire of Equipment	35,614.64	NIL	NIL
Building Maintenance	7,598.52	NIL	NIL
Machine Maintenance	46,678.45	2,831.00	NIL
Stationery	1,462.15	NIL	NIL
Health and Safety	19,813.55	NIL	NIL
Tooling Payments	33,529.67	NIL	NIL
Packaging	21,703.79	NIL	NIL
Employee Benefits	9,678.95	NIL	417.89
Logistic Materials	1,025.00	NIL	NIL
Consumables	120.00	NIL	NIL
Haulage	250.00	NIL	NIL
Pension Contributions	52,645.17	NIL	NIL
	<u>(567,701.12)</u>	<u>(2,831.00)</u>	<u>(4,746.71)</u>
TRADING SURPLUS/(DEFICIT)	<u>712,235.12</u>	<u>606,031.40</u>	<u>431,399.84</u>



Heath Springs and Components Limited  
(In Administration)  
Joint Administrators' Summary of Receipts and Payments

From 15/09/2023 to 14/03/2024			
	£	€	\$
SECURED ASSETS			
Book Debts	NIL	NIL	NIL
	-	NIL	NIL
SECURED CREDITORS			
Close Invoice Financing Agreement	NIL	NIL	NIL
Close Brothers Asset Finance	NIL	NIL	NIL
	NIL	NIL	NIL
ASSET REALISATIONS			
Furniture & Equipment	NIL	NIL	NIL
Stock	NIL	NIL	NIL
Debtors	13,083.33	NIL	8,130.00
Insurance Refund	643.08	NIL	NIL
Cash at Bank	NIL	NIL	NIL
Sundry Refunds	60.00	NIL	NIL
Bank Interest Gross	15,825.35	NIL	NIL
Trading Surplus/(Deficit)	712,235.12	606,031.40	431,399.84
	741,846.88	606,031.40	439,529.84
COSTS OF REALISATIONS			
Stationery & Postage	390.50	NIL	NIL
Data Room Costs	1,196.00	NIL	NIL
Bank Charges	664.15	116.14	86.67
	(2,250.65)	(116.14)	(86.67)
	739,596.23	605,915.26	439,443.17
REPRESENTED BY			
Floating/main current account	698,607.29	568,236.79	433,166.17
VAT Payable	(119,448.99)	(362.52)	NIL
VAT Receivable	160,437.93	38,040.99	6,277.00
	739,596.23	605,915.26	439,443.17
*Euro to Sterling Exchange Rate: 0.865533		0.8655	
*USD to Sterling Exchange Rate: 0.808871			0.8089
Sterling Equivalent		524,439.65	355,452.84
Total Sterling Retained	1,619,488.72		

\*Please note that the exchange rates are as at 31 October 2023.



## Appendix 4 – Analysis of Expenses Incurred

### Joint Administrators' Expenses: comparison with estimate

Expenses	Original expenses estimate £	Actual expenses incurred in the Reporting Period £	Actual expenses incurred to date £	Reason for any excess (if the expenses are likely to, or have, exceeded the original estimate)
Accurate Mailing Services	390.50	390.50	390.50	
Ansarada Pty Ltd	-	1,196.00	1,196.00	
Hill Dickinson LLP	-	2,280.00	2,280.00	
AON	225.00	225.00	225.00	
Bank Charges	500.00	664.00	664.00	
Courts Advertising Limited	218.16	109.08	109.08	
Total Data Management	3,500.00	-	-	
<b>TOTAL</b>	<b>4,833.66</b>	<b>4,864.58</b>	<b>4,864.58</b>	

### Joint Administrators' Expenses: Category 1 and Category 2

Category 1 Expenses			Reporting period	
Company	Activity	Fee Basis	Incurred (£)	Paid (£)
Accurate Mailing Services	Mailing agent	Fixed fee	390.50	390.50
Ansarada Pty Ltd	Data room	Fixed fee	1,196.00	1,196.00
AON	Statutory bonding	Fixed fee	225.00	-
Courts Advertising Limited	Statutory Advertising	Fixed fee	109.08	-
Hill Dickinson LLP	Ad hoc legal advice	Time costs	2,280.00	-
<b>Total</b>			<b>4,200.58</b>	<b>1,586.50</b>

### Notes

The above costs exclude VAT.

The Joint Administrators' choice of professional advisors was based on their perception of the experience and ability of the respective firms/individuals to perform their work, the complexity and nature of the assignment and the basis of their fee.

Kroll Advisory Ltd, being the employer of the Joint Administrators and the staff working on the Administration, is considered an associate of the Administrators.

It is considered that these expenses are fair and reasonable and proportionate to the Administration.



## Appendix 5 – Analysis of time charged

### Joint Administrators' Fees

Refer to the table below for a detailed breakdown on the Joint Administrators' time and cost summary in accordance with SIP 9.

Heath Springs and Components Limited (in Administration)								
Analysis of the Joint Administrators' time costs for the Reporting Period								
Classification of Work Function	Hours					Total Hours	Time Cost (£)	Avg. Hourly Rate (£)
	Managing Director	Manager	Senior	Assistant	Support			
Administration And Planning								
Case review & Case Diary management	0.00	4.00	4.60	4.20	0.00	12.80	3,756.01	293.44
Cashiering & accounting	0.00	48.00	2.80	62.90	0.00	113.70	40,632.00	357.36
Dealings w/ directors & management (inc associated updates/reportin	0.00	0.60	1.20	0.00	0.00	1.80	789.00	438.33
IPS set up & maintenance	0.00	0.30	2.50	0.40	0.00	3.20	573.20	179.13
Insurance	0.00	0.00	0.40	0.55	0.00	0.95	344.00	362.11
Statement of affairs	0.00	0.20	3.70	0.60	0.00	4.50	790.57	175.68
Statutory matters (Meetings & Reports & Notices)	2.60	15.80	27.40	18.45	0.00	64.25	26,562.00	413.42
Strategy planning & control (incl engagement financial control)	13.20	15.90	25.50	32.40	0.00	87.00	36,536.77	419.96
Tax Compliance / Planning	0.00	0.20	1.10	0.10	0.00	1.40	577.00	412.14
Creditors								
Dealings with creditors and employees	0.30	8.20	21.10	26.25	0.00	55.85	18,459.50	330.52
Non Pref Creditors / Employee claims handling	0.00	0.00	4.80	5.55	0.00	10.35	3,174.00	306.67
Pref claims adjudication & distribution	0.00	0.70	0.00	0.00	0.00	0.70	374.50	535.00
Secured Creditors	0.90	1.70	0.20	0.00	0.00	2.80	1,700.00	607.14
Investigations								
CDDA & reports & Communication	0.00	5.80	0.10	4.45	0.00	10.35	4,720.00	456.04
Financial review and investigations (S238/239 etc)	0.00	1.90	0.00	3.70	0.00	5.60	2,056.50	367.23
Realisation Of Assets								
Book debts	0.50	6.60	5.10	20.75	0.00	32.95	12,667.50	384.45
Freehold and Leasehold Property	0.00	1.40	2.80	0.20	0.00	4.40	1,935.00	439.77
Sale of business	9.30	50.00	132.35	6.70	0.00	198.35	87,452.50	440.90
Hire Purchase and Lease Assets	0.00	0.00	0.20	0.00	0.00	0.20	80.00	400.00
Other Tangible Assets	0.00	0.00	0.20	0.00	0.00	0.20	80.00	400.00
Trading								
Trading - Accounting	28.20	42.35	360.00	131.85	0.00	562.40	228,048.25	405.49
Trading - Employees	1.50	0.00	6.40	9.40	0.00	17.30	6,685.50	386.45
Trading - Operations	13.00	382.00	707.85	162.25	0.00	1,265.10	551,453.00	435.90
Trading - Retention of Title & Claims handling	0.00	0.30	0.90	0.30	0.00	1.50	634.50	423.00
Total Hours	69.50	585.95	1,311.20	491.00	0.00	2,457.65		419.13
Total Fees Claimed (£)	54,557.50	307,933.25	525,687.55	141,903.00	0.00		1,030,081.30	



## Appendix 6 – Narrative of work carried out for the Reporting Period

The key areas of work have been:

### SIP 9 narrative for the Reporting Period

Administration and planning	<ul style="list-style-type: none"><li>• Monitoring and reviewing the Administration strategy;</li><li>• Briefing staff on the Administration strategy and matters in relation to workstreams;</li><li>• Regular case management and reviewing of process including regular team update meetings and calls;</li><li>• Meeting with management to review and update strategy and monitor progress;</li><li>• Reviewing and authorising junior staff correspondence and other work;</li><li>• Dealing with queries arising during the appointment;</li><li>• Reviewing matters affecting the outcome of the Administration;</li><li>• Allocating and managing staff/case resourcing and budgeting exercises and reviews;</li><li>• Liaising with legal advisors regarding various instructions; and</li><li>• Complying with internal filing and information recording practices, including documenting strategy decisions.</li></ul>
Creditors	<ul style="list-style-type: none"><li>• Updating the list of Unsecured Creditors;</li><li>• Responding to enquiries from Creditors regarding the Administration and submission of their claims;</li><li>• Reviewing completed forms submitted by Creditors, recording claim amounts and maintaining claim records;</li><li>• Drafting statutory reports; and</li><li>• Providing written and oral updates to the Secured Lenders regarding the progress of the Administration and cases strategy.</li></ul>
Investigations	<ul style="list-style-type: none"><li>• Managing and reviewing the Company books and records;</li><li>• Investigating the affairs of the Company to identify any actions available to the Company against third parties in respect of antecedent transactions or other litigation;</li><li>• Obtaining records from third parties;</li><li>• Reviewing pre-appointment transactions; and</li><li>• Documenting investigations.</li></ul>
Statutory and compliance	<ul style="list-style-type: none"><li>• Ensuring compliance with all statutory obligations within the relevant timescales;</li><li>• Uploading information to the Creditors' Portal;</li><li>• Drafting and publishing statutory reports;</li></ul>



- Running decision procedures;
  - Reviewing time costs to date and producing analysis of time incurred which is compliant with SIP 9;
  - Monitoring the fees estimate; and
  - Monitoring the expenses estimate.
- Cashiering
- Preparing statutory receipts and payments accounts; and
  - Renewing bonding and complying with statutory requirements.
- Asset realisations
- Collating information from the Company's records regarding assets;
  - Liaising with finance companies in respect of assets subject to finance agreements;
  - Liaising with agents regarding the sale of assets;
  - Liaising with suppliers on retention of title claims;
  - Reviewing outstanding debtors and management of debt collection strategy;
  - Communicating with landlords regarding rent; property occupation and other property issues;
  - Liaising with third parties regarding costs incurred;
  - Reviewing and agreeing invoices; and
  - Reviewing costs incurred to ensure recorded accurately.
- Trading
- Attending to supplier and customer queries and correspondence;
  - Negotiating continued supply with the Company's major suppliers;
  - Detailed discussions with the customer base regarding the terms of trade for the forecasted period;
  - Agreeing terms of trade with all major customers;
  - Reviewing invoices to ensure they correspond with the relevant purchase orders;
  - Managing employee matters;
  - Dealing with creditors ROT claims;
  - Arranging trading insurance;
  - Reconciling bank accounts between pre-Administration accounts and post-Administration accounts;
  - Raising payments to suppliers in respect of Administration costs; and
  - Contacting all suppliers to obtain final invoices for the trading period.



## **Appendix 7 – Statement of Creditors' rights**

*Rule numbers refer to Insolvency (England & Wales) Rules 2016 (as amended)*

*Section or paragraph numbers refer to Insolvency Act 1986*

If you require a copy of any relevant rule or section, please contact Adam Lyons at Adam.Lyons@Kroll.com.

### **Information for Creditors on remuneration and expenses of Administrators**

Information regarding the fees and expenses of Administrators, including details of Kroll's expense policy and hourly charge out rates for each grade of staff that may undertake work on this case, can be viewed and downloaded from the Kroll website at:

<https://www.kroll.com/en-gb/services/restructuring-advisory/creditor-guides-and-employee-fact-sheets>

Click on the document - Creditor Guides (amended for changes introduced by the Insolvency (England & Wales) Rules 2016 from 6 April 2017) – Administrations.

Should you require a copy (at no cost), please contact this office.

### **Creditors' requests for further information**

If you would like to request more information about the Joint Administrators' remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

### **Creditors' right to challenge our remuneration and expenses**

If you wish to challenge the basis of the Joint Administrators' remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications are by Unsecured Creditors (including the Unsecured Creditors making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Adam Lyons at Kroll Advisory Ltd., The Chancery, 58 Spring Gardens, Manchester, M2 1EW.



## Appendix 8 – Definitions

Word or Phrase	Definition
A2e	A2e Industries Limited (Company Number: 04062589)
the Act	The Insolvency Act 1986 (as amended)
the Agents/ Talon	Tallon Associates Ltd, independent agents who were instructed to value and sell the business and assets of the Company
the Appointment Date	15 September 2023 being the date of appointment of the Joint Administrators
DBT	Department for Business & Trade
Category 1 Expenses	The Joint Administrators' expenses, in dealing with the Administration, to persons providing the service to which the expense relates and who are not an associate of the Administrator. These expenses can be paid without prior approval.
Category 2 Expenses	The Joint Administrators' expenses, in dealing with the Administration, to associates or where there is an element of shared costs. Such expenses require approval by creditors before payment.
Close	Close Brothers Limited, with whom the Company had an invoice finance facility, and the holder of a fixed and floating charge over the Company's assets.
the Company	Heath Springs and Components Limited (In Administration) (Company Number: 01363153)
CVA	Company Voluntary Arrangement
the Directors	Richard George Bray, David Jones, William Robert John Rawkins, the directors of the Company
EC Regulation	EC Regulation on Insolvency Proceedings 2000
HIH	Heath Industrial Holdings Limited (In Liquidation) (Company Number: 13871573)
HMRC	HM Revenue and Customs
HSBC	HSBC Bank PLC, with whom the Company banked
the Joint Administrators	James Saunders and Matthew Ingram of Kroll Advisory Ltd., The Chancery, 58 Spring Gardens, Manchester, M2 1EW and 4B Cornerblock, 2 Cornwall Street, Birmingham, B3 2DX.



Word or Phrase	Definition
NDA	Non-Disclosure Agreement
Preferential Creditor/s	A creditor with a claim that ranks in priority to other unsecured creditors, to floating charge holders and the prescribed part. Preferential debts are either 'ordinary', such as certain employee claims, or 'secondary', such as HMRC's claims for VAT and PAYE income tax, which will rank for payment after the ordinary preferential claims are paid in full.
the Prescribed Part	Pursuant to Section 176A of the Act where a floating charge is created after 15 September 2003 a designated amount of the Company's net property (floating charge assets less costs of realisation) shall be made available to Unsecured Creditors
The Proposals	The Joint Administrators Statement of Proposals dated 9 November 2023
the Reporting Period	15 September 2023 to 14 March 2024
RPS	Redundancy Payments Service
the Rules	The Insolvency (England & Wales) Rules 2016 (as amended)
the Secured Creditors	Close Brothers Limited and A2e Industries Limited, the holder of a fixed and floating charge over the Company's assets
SIP 9	Statement of Insolvency Practice 9 – Industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and expenses
SIP 13	Statement of Insolvency Practice 13 – Industry best practice for Insolvency Practitioners in relation to the disposal of assets to connected parties in an insolvency process
SIP 16	Statement of Insolvency Practice 16 – Industry best practice for Insolvency Practitioners in relation to the requirement for disclosure of information with respect to a 'Pre-Packaged' sale of business and/or assets of the Company
SOA	Statement of Affairs, documentation supplied by the Director outlining the Company's financial position as at the Appointment Date
the Spot Rate	The Bank of England Spot Rate as at 31 October 2023
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations 2006



Word or Phrase	Definition
VAT	Value added tax

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## **Appendix 9 – Notice about this report**

This report has been prepared by James Saunders and Matthew Ingram, the Joint Administrators of the Company, solely to comply with their statutory duty to report to Creditors under the Insolvency (England and Wales) Rules 2016 on the progress of the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of any financial interest in the Company or any other company in the same group.

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

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

James Saunders and Matthew Ingram are authorised to act as insolvency practitioners by the Insolvency Practitioners Association.

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

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Kroll Advisory Ltd does not assume any responsibility and will not accept any liability to any person in respect of this Progress Report or the conduct of the Administration.