

The Insolvency Act 1986

**Administrator's progress report**

Name of Company  
AAP Design & Manufacturing Services Limited

Company number  
01932649

In the High Court of Justice, Chancery Division, Leeds District  
Registry

Court case number  
2097 of 2009

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

We G M Wild and S C E Mackellar  
of Zolfo Cooper  
Toronto Square  
Toronto Street  
Leeds, LS1 2HJ

administrators of the above company attach a progress report for the period

(b) Insert dates

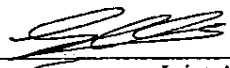
from

to

(b) 29 June 2009

(b) 28 December 2009

Signed

  
Joint Administrator

Dated

20/1/10

**Contact Details:**

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

David Whittle	
Toronto Square, Toronto Street, Leeds	
LS1 4DL	Tel 0113 386 0800
DX Number	DX Exchange

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

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff



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26/01/2010

384

COMPANIES HOUSE

TUESDAY

**Joint Administrators'  
Progress Report**

**For the Period  
29 June 2009 to 28 December  
2009**

**AAP Design & Manufacturing  
Services Limited -  
In Administration**

**19 January 2010**



**ZC ZOLFO COOPER**



**TUESDAY**

**A19**

**26/01/2010  
COMPANIES HOUSE**

**386**

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## **1 Statutory Information**

- 1.1 I was appointed Joint Administrator of AAP Design Manufacturing Services Limited (the Company) together with G M Wild on 29 June 2009 by the Newcastle Upon Tyne District Registry.
- 1.2 The Administration is being handled by Zolfo Cooper's Leeds office, situated at Toronto Square, Toronto Street, Leeds, LS1 2HJ.
- 1.3 The Administration is registered in the Newcastle Upon Tyne District Registry, under reference number 2097 of 2009.
- 1.4 The trading address of the Company was Unit 2 Bedesway, Bede Trading Estate, Jarrow, Tyne & Wear, NE32 3EG (the Property).
- 1.5 The registered office of the Company is Toronto Square, Toronto Street, Leeds, LS1 2HJ and its registered number is 01932649.
- 1.6 The functions of the Joint Administrators may be exercised by either or both, acting jointly or alone.

## **2 Progress of the Administration**

- 2.1 Attached at Appendix A is my Receipts and Payments Account for the period from 8 August 2009 to 28 December 2009 and cumulative from 29 June 2009.

### ***Trading***

- 2.2 As outlined in the Joint Administrators' Report and Statement of Proposals, the business was traded for a short period to facilitate the completion of two outstanding orders. A loss of £338.76 was made during this time.

### ***Property***

- 2.3 The Sale & Purchase Agreement (SPA) in respect of the sale of the business to AAP Metal Fabrication Services Limited (Newco), also included an offer for the Property. As the Property was held on a long lease tenancy it has been necessary to obtain the Landlord's consent for the sale. Consent was received on 29 July 2009 and proceeds of £400,000 have now been received.

### ***Debtors***

- 2.4 The debtors' ledger at appointment was £138,000. The Joint Administrators are aware of known bad debts of £74,639, leaving a potential balance of £63,361 to collect. To date, £58,866, has been realised against the collectable ledger and these funds are due to be transferred to the Joint Administrators' account shortly. The collection process continues to be closely monitored.
- 2.5 A further £1,725.00 has been received from other book debt recoveries.
- 2.6 The sum of £1,606.47 has been realised through a business rates refund and bank interest.

## **3 Assets still to be Realised**

- 3.1 There are outstanding book debts of £19,495. These are currently being reviewed and may be passed to our legal advisors to pursue for payment.

## **4 Joint Administrators' Remuneration**

- 4.1 Creditors approved that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the Administration.

- 4.2 The Joint Administrators' time costs at 28 December 2009 are £40,284. This represents 298 hours at an average rate of £135 per hour. Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during this period. To date £29,488 plus disbursements of £849 has been drawn on account.
- 4.3 Attached as Appendix C is additional information in relation to our policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.

#### ***Administration and Planning***

The time recorded here reflects the statutory duties of the Joint Administrators, including initial notification to creditors. In addition, it covers the time spent formulating the strategy of the Administration and internal meetings.

#### ***Investigation***

This represents time spent conducting investigations into the Directors' conduct.

#### ***Realisation of Assets (Fixed & Floating)***

Time recorded here details the time spent dealing with retention of title claims and interested parties. Time is also recorded here for dealing with the sale of business and disposal of assets.

#### ***Creditors***

Time recorded here has been incurred in ongoing correspondence with creditors, including telephone calls.

#### ***Debtors***

Time recorded here has been incurred through the reviewing Newco's collection of the book debts.

#### ***Trading***

The time recorded here includes management of the day to day trading of the Company to ensure that the goodwill of the Company was preserved while a sale of the business was sought. It also reflects the time spent reconciling and finalising the trading account and dealing with various employee related matters during the trading period.

### **5 Estimated Outcome for Creditors**

- 5.1 The Company granted a fixed and floating charge to Barclays Bank plc (the Bank) on 20 April 2006 in respect of a commercial mortgage, an overdraft facility, and an intercompany cross guarantee. The cross guarantee was in respect of two connected companies AAP Bradley Limited and AAP Mechanical and Marine Services Limited (AAP M&M). AAP M&M was placed into Administration on 29 June 2009.
- 5.2 At the date of appointment, the amount owed to the Bank was £942,786. Based on current realisations, the Bank will suffer a significant shortfall in respect of its lending.
- 5.3 Based on the Director's Statement of Affairs, the estimated value of the preferential creditors is nil and the unsecured creditors is £595,739.
- 5.4 There are no preferential creditors in this case as all the employees transferred over to Newco following the sale of the business through the Transfer of Undertakings Protection of Employment (TUPE) agreement.
- 5.5 As the Bank's security post dates the introduction of the Enterprise Act 2002 on 15 September 2003, there is a requirement to set aside an "Unsecured Creditors Fund" as outlined in Section 176A (2) of the Insolvency Act 1986 (the Act). The Joint Administrators have an obligation to ring fence a proportion of the floating charge realisations for unsecured creditors under S176A (2) of the Act. These funds are called the Prescribed Part.

- 5.6 Based on present information a distribution to the unsecured creditors will be applicable via the Prescribed Part. On this basis, I should be grateful if all unsecured creditors would complete the attached proof of debt form attached if they have not previously submitted this form to my office. Further information on the prospect of a dividend to the unsecured creditors will be circulated in due course.

## **6 Ending the Administration**

### **CVL - Creditors Voluntary Liquidation**

- 6.1 As discussed at Section 5.6, the Joint Administrators anticipate that funds will be available to make a distribution to the unsecured creditors. The Joint Administrators will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into CVL. It is proposed that the Joint Administrators will also become the Joint Liquidators of the CVL.

### **Dissolution of the Company**

- 6.2 If the Joint Administrators believe that the Company has no property which might permit a distribution to its creditors they propose filing a notice together with their final progress report at Court and with the Registrar of Companies for the dissolution of the Company. The Joint Administrators will send copies of these documents to the Company and its creditors. The appointment will end following the registration of the notice by the Registrar of Companies.
- 6.3 The Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Act immediately upon their appointment as Administrators ceasing to have effect.

## **7 Next Report**

- 7.1 The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised.

For and on behalf of  
AAP Manufacturing & Design Limited



**S C E Mackellar**  
Joint Administrator

Enc

## Receipts and Payments Account for the Period from 8 August 2009 to 28 December 2009 and cumulative 29 June 2009

## Appendix A

Statement of Affairs	Notes	From 08/08/09 to 28/12/09	From 29/06/09 to 28/12/09
	<b>Post Appointment Sales</b>		
	Sales	4,250.00	4,250.00
		<u>4,250.00</u>	<u>4,250.00</u>
	<b>Other Direct Costs</b>		
	Wages & Salaries	3,140.13	3,140.13
	PAYE/NIC	NIL	1,241.65
		<u>(93,140.13)</u>	<u>4,381.78</u>
	<b>Trading Expenditure</b>		
	Bank Charges	206.98	206.98
		<u>(206.98)</u>	<u>206.98</u>
	<b>Trading Surplus/(Deficit)</b>	<u>902.89</u>	<u>(338.76)</u>
	<b>Fixed Realisations</b>		
400,000.00	Leasehold Property	400,000.00	400,000.00
	Goodwill	1,000.00	1,000.00
	Motor Vehicles	27,000.00	27,000.00
32,847.00	Plant & Machinery	75,000.00	75,000.00
<u>432,847.00</u>		<u>503,000.00</u>	<u>503,000.00</u>
	<b>Fixed Costs</b>		
	Joint Administrators' Fees	5,000.00	5,000.00
	Legal Fees	4,500.00	4,500.00
	Advertising Sale of Business	NIL	2,685.89
		<u>NIL</u>	<u>(12,185.89)</u>
	<b>Fixed Creditors</b>		
	Distribution to Chargeholder	400,000.00	400,000.00
		<u>(400,000.00)</u>	<u>(400,000.00)</u>
	<b>Floating Realisations</b>		
103,000.00	Furniture & equipment	NIL	1,000.00
30,000.00	Stock	NIL	30,000.00
60,000.00	Book Debts	1,725.00	1,939.00
	Bank Interest Gross	41.94	41.94
	Trading Surplus/(Deficit)	902.89	(338.76)
	Business Rates Refund	1,564.00	1,564.53
<u>193,000.00</u>		<u>4,233.83</u>	<u>34,545.47</u>
	<b>Floating Costs</b>		
	Joint Administrators' Fees	24,488.00	24,488.00
	Joint Administrators' Expenses	848.54	848.54
	Legal Fees	6,955.00	6,955.00
	Insurance of Assets	123.20	123.20
	Statutory Advertising	474.00	474.00
		<u>(32,888.74)</u>	<u>(32,888.74)</u>
		<u>(28,654.91)</u>	<u>92,132.08</u>
	<b>Represented By</b>		
	Interest Bearing Account		91,720.60
	VAT Recievable		6,666.11
	VAT Payable		(6,254.63)
			<u>92,132.08</u>

## Notes

1 - Awaiting receipt of £56,927 from pre-appointment bank account

Time Analysis for the Period from 8 August 2009 to 28 December 2009  
and cumulative 29 June 2009

Appendix B

8 August 2009 to 28 December 2009

	Partner / Director	Senior Associate	Associate / Analyst	Junior Analyst / Support	Hours To Date	Total Cost	Average Rate p/h
Administration & Planning Total	1.00	6.60	10.80	26.10	44.50	6,007.50	135
Investigations Total	0.20	0.40	4.00	7.50	12.10	1,633.50	135
Realisation of Assets - Debtors Total	2.00	1.00	10.50	0.00	13.50	1,822.50	135
Trading Total	0.40	0.00	0.90	0.00	1.30	175.50	135
Creditors Total	0.00	0.00	16.50	5.70	22.20	2,997.00	135
<b>Grand Total</b>	<b>3.60</b>	<b>8.00</b>	<b>42.70</b>	<b>39.30</b>	<b>93.60</b>	<b>12,636.00</b>	<b>135</b>

29 June 2009 to 28 December 2009

	Partner / Director	Senior Associate	Associate / Analyst	Junior Analyst / Support	Hours To Date	Total Cost	Average Rate p/h
Administration & Planning Total	25.10	53.10	43.40	33.30	154.90	20,911.50	135
Investigations Total	0.20	0.40	4.20	7.50	12.30	1,660.50	135
Realisation of Assets - Fixed Charge Total	0.00	17.50	0.20	0.00	17.70	2,389.50	135
Realisation of Assets - Debtors Total	2.00	2.50	14.50	1.80	20.80	2,808.00	135
Realisation of Assets - Floating Charge Total	12.70	3.50	0.00	0.00	16.20	2,187.00	135
Trading Total	0.90	12.50	17.90	0.00	31.30	4,225.50	135
Creditors Total	0.00	20.00	37.50	5.70	45.20	6,102.00	135
<b>Grand Total</b>	<b>40.90</b>	<b>109.50</b>	<b>117.70</b>	<b>48.30</b>	<b>298.40</b>	<b>40,284.00</b>	<b>135</b>



## Additional Information in Relation to Administrators' Fees Pursuant to Statement of Insolvency Practice 9

## Appendix C

### 1 Policy

Detailed below is Zolfo Cooper's policy in relation to:

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

#### 1.1 *Staff Allocation and the use of Sub-contractors*

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

The constitution of the case team will usually consist of a Partner, Senior Associate, Associate and Analyst. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. Our charge out rate schedule below provides details of all grades of staff and their experience level.

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

We have not utilised the services of any sub-contractors in this case.

#### 1.2 *Professional Advisors*

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

Name of Professional Advisor	Basis of Fee Arrangement
Eversheds LLP (legal advice)	Hourly rate and disbursements
Willis Limited (insurance)	Risk based premium.
GVA Grimley (valuation and disposal advice)	Percentage of Realisations

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

#### 1.3 *Disbursements*

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require prior approval by creditors before they are paid and whilst it is unlikely that any Category 2 disbursements will be incurred on the case, appropriate approval will be sought before any such expenses are paid.

## 2 Charge-out Rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 January 2009 is detailed below.

	(Per hour) £
<b>Partner/Director:</b>	
Partner 1*	135
Partner 2*	135
Director	135
<b>Senior Associate:</b>	
Senior Associate 1*	135
Senior Associate 2*	135
<b>Associate/Analyst:</b>	
Associate	135
Analyst*	135
<b>Junior Analyst and Support Staff:</b>	
Junior Analyst*	135
Senior Treasury Associate	135
Treasury Associate	135
Treasury Analyst	135
Support	135
<b>*Key</b>	
Partner 1 - Partners with 3 or more years experience at partner level	
Partner 2 - Partners with less than 3 years experience at partner level	
Senior Associate 1 - Staff who have been Senior Associates for over 2 years	
Senior Associate 2 - Staff who have been Senior Associates for less than 2 years	
Analyst - Staff who have been Analysts for more than 1 year	
Junior Analyst - First year Analysts	



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