

AM10

Notice of administrator's progress report



Companies House



1 Company details

Company number 0 1 9 8 2 3 1 7

Company name in full Lyte Industries (Wales) Limited

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

2 Administrator's name

Full forename(s) Alistair

Surname Wardell

3 Administrator's address

Building name/number 11/13 Penhill Road

Street

Post town Cardiff

County/Region South Glamorgan

Postcode C F 1 1 9 U P

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.

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6 Period of progress report

From date	^d 2	^d 4	^m 0	^m 1	^y 2	^y 0	^y 2	^y 0
To date	^d 2	^d 3	^m 0	^m 7	^y 2	^y 0	^y 2	^y 0

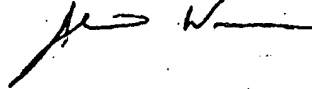
7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X 

X

Signature date

^d 1	^d 2	^m 0	^m 8	^y 2	^y 0	^y 2	^y 0
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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 **Laura A Walshe**

Company name **Grant Thornton UK LLP**

Address
4 Hardman Square
Spinningfields

Post town **Manchester**

County/Region

Postcode **M 3 3 E B**

Country

DX

Telephone **0161 953 6900**



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



Lyte Industries (Wales) Limited - in administration (the Company)

Recovery and Reorganisation
Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

**Administrator's progress report for the
period from 24 January 2020 to
23 July 2020**

Prepared by: Alistair Wardell, Administrator

Contact details: Should you wish to discuss any matters in
this report, please do not hesitate to
contact Laura Walshe on 0161 214 6304

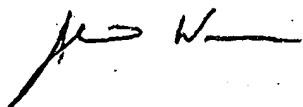
Definitions

The following definitions are used either within the body of this report, the appendices to it, or both.

ATE	After The Event
CFA	Conditional Fee Agreement
Clarke Willmott	Clarke Willmott LLP
The Company	Lyte Industries (Wales) Limited
CVL	Creditors' Voluntary Liquidation
HEF	HSBC Equipment Finance (UK) Limited
HIF	HSBC Invoice Finance Limited
HSBC	HSBC Bank plc
My/The Proposals	The Joint Administrators' Statement of Proposals circulated on 15/02/2019
the Period	The period from 24 January 2020 to 23 July 2020
Tempest	Tempest Accounting UK Limited
VAT	Value Added Tax

1 Executive summary

- This progress report for the Company's administration covers the period from 24 January 2020 to 23 July 2020 and should be read in conjunction with all previous reports.
- My Proposals were approved on 5 March 2019 by a vote by correspondence of the creditors.
- The key work done in the Period was in relation to progressing the claim to recover the alleged misappropriation of Company funds
- It is anticipated that a dividend will be made to unsecured creditors from the prescribed part which currently amounts to £94,000, however, the timing is currently unknown.
- The administration is currently due to end on 23 January 2021. It is anticipated that this matter will take longer than the estimated end date of the administration, therefore it is likely that a further extension will be required.
- It is unlikely that there will be sufficient funds to make a distribution to unsecured creditors (other than by virtue of the prescribed part) so it is intended to exit the administration and move to dissolution when it is appropriate to do so.



Alistair Wardell
Administrator

12 August 2020

2 Progress to date

2.1 Strategy and progress during the Period

As previously advised in my Proposals and previous reports, the business and assets of the Company were sold shortly after my appointment.

I continue to pursue the objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company was wound up.

During the Period, my focus has continued to be progression of a claim which seeks to recover the alleged misappropriation of Company funds, and any investigations that are required to support the claim.

2.2 Realisation of assets

The table below summarises the assets sold on 24 January 2019:

Consideration and allocation against assets subject to fixed charges		£
Goodwill		1
Freehold property		2,300,000
Book debts		863,635
Consideration and allocation against assets subject to floating charges		
Plant and machinery		274,994
Stock		320,000
Other assets (business intellectual property & customer lists)		5
Total		3,758,835

There have been no further realisations in the Period.

2.3 Assets remaining to be realised

Whilst there are no tangible assets remaining to be realised, as previously reported, there may be further recoveries from the draft claim which has been issued for the recovery of the alleged misappropriation of Company funds as detailed at section 4, later in this report.

3 Creditors

3.1 Secured creditors

HSBC has several fixed and floating charges over the Company's assets dated 18 June 2011, 22 June 2011, 10 August 2011, 7 January 2012 and 2 November 2012. At the date of administration, HSBC and HIF were owed £3.78 million. To date, HSBC has been paid £2.27 million under its security over the Company's property.

I expect HSBC to suffer a shortfall, subject to any amounts recovered from the draft claim in relation to the alleged misappropriation of Company funds.

The book debts of the Company were assigned to HIF under a confidential invoice financing agreement. HIF was owed £863,634 at the date of administration and has been paid in full following the sale of the business and assets.

Some of the Company's plant and machinery was subject to finance agreements with HEF. At the date of the administration, c£27,000 was settled upon completion of the sale of the business and assets. As this amount was settled directly by the purchaser, the payment to HEF is not reflected in the receipts and payments account at Appendix A.

3.2 Preferential creditors

Preferential creditor claims consist of employee claims for wages and holiday pay, which are subject to certain statutory limits, and unpaid occupational pension scheme contributions.

Although all former employees of the Company transferred to the purchaser following the sale of the business and assets, there is a preferential claim of £8,206 in respect of unpaid pension contributions that were incurred prior to the administration. During the Period this preferential claim has been subject to review and admitted for dividend purposes, and a dividend will be paid in due course.

3.3 Unsecured creditors

Prescribed part

In accordance with section 176A of the Insolvency Act 1986, a prescribed part is to be set aside from the floating charge assets and made available to the unsecured creditors of the Company. The prescribed part calculation is applied to the net property available and is calculated at 50% of the first £10,000 of net realisations and 20% of all further amounts, up to a maximum prescribed part of £600,000.

The net property is currently estimated at £453,000, resulting in a prescribed part fund estimated at £94,000, however, the quantum of the prescribed part may change due to ongoing work relating to the claim detailed in section 4 and whether this is successful.

Dividend prospects

At present, there is unlikely to be a dividend payable to this class of creditor, except for by virtue of the prescribed part, as detailed above.

4 Investigations into the affairs of the Company

4.1 Statutory investigations

I undertook an investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that required further investigation, taking into account the public interest, potential recoveries, the funds likely to be available to fund an investigation and the costs involved.

I am continuing my investigations into the affairs of the Company and would be pleased to receive any useful information from creditors concerning the Company, its dealings or conduct which may assist.

As previously advised, I was made aware of a potential claim in the sum of c£1.2 million in respect of alleged misappropriation of Company funds. On 31 October 2019, a draft letter of claim was issued in respect of this claim and a substantive response has since been received. However, matters in relation to the claim remain ongoing.

I instructed Clarke Wilmott to assist with this claim on a CFA basis. Counsel has also agreed to work on a CFA basis and there is ATE insurance in place.

Tempest has incurred fees of £16,600 in respect of its financial report which has been used as the basis of the claim. As previously advised, Tempest has agreed to defer payment of its fees.

Further details in relation to this matter cannot be disclosed at this stage to not prejudice my position.

5 Fees and costs

5.1 Overview

On 5 March 2019, the creditors resolved that the remuneration of the administrator be fixed at £120,000 plus 30% of future realisations. No fees have been drawn to date.

Further details about remuneration and expenses are provided in Appendix B to this report.

6 Future strategy

6.1 Future conduct of the administration

I will continue to manage the affairs, business and property of the Company in order to achieve the purpose of the administration. This will include but will not be limited to:

- recovery of alleged misappropriated Company funds
- payment of administration expenses, including our remuneration
- payment of a 100p in the £ dividend to preferential creditors
- agreement of unsecured creditor claims
- payment of a first and final dividend to unsecured creditors from the prescribed part fund
- payment of a final distribution to the secured creditor
- finalisation of the Company's tax affairs, including completion of corporation tax and VAT returns and settlement of any post administration liabilities, and
- complying with statutory and compliance obligations.

6.2 Extension of the administration

The duration of an administration is restricted to 12 months from the date of commencement unless it is extended with the permission of the creditors or the Court.

The secured and preferential creditors have provided their consent to a 12 month extension of the administration which is currently due to end on 23 January 2021.

Given the nature of ongoing work, specifically the draft claim which has been issued, I am uncertain as to the likely timescale for conclusion of the administration. However, I expect this matter will not be finalised prior to 23 January 2021, and I will therefore be required to make an application to Court to extend the administration for a further 12 months.

6.3 Exit from administration

It is envisaged that the administration will end by the dissolution of the Company, or if there are funds available for unsecured creditors (other than by virtue of a prescribed part distribution), I will convert the administration to CVL.

6.4 Data protection

Any personal information held by the Company will continue to be processed for the purposes of the administration of the Company and in accordance with the requirements of data protection. My privacy notice on our website (www.grantthornton.co.uk/en/privacy) contains further details as to how I may use, process and store personal data.

6.5 Contact from third parties

Please be aware fraudsters have been known to masquerade as administrators of a company that has entered administration, or as the administrator's staff or agents. Fraudsters may contact creditors asking for an upfront fee to release an investment or pay a dividend to a creditor. An administrator would never ask for such a payment nor instruct a third party to make such a request.

6.6 Covid-19

This report has been produced during the Covid-19 restrictions. I have taken every reasonable step to ensure that the information is accurate, but if anything is incorrect or incomplete, I will provide an explanation and corrected information in the next progress report.

6.7 Future reporting

I am 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.

A Abstract of the administrators' receipts and payments

Lyte Industries (Wales) Limited - in administration
Summary of receipts and payments
from 24 January 2019 to 23 July 2020

	Statement of Affairs £	From 24/01/2019 to 23/01/2020 £	From 24/01/2020 to 23/07/2020 £	Total £
Receipts				
Freehold Land & Property	2,300,000.00	2,300,000.00	0.00	2,300,000.00
Book Debts	864,000.00	863,634.68	0.00	863,634.68
Goodwill		1.00	0.00	1.00
Plant & Machinery	274,994.00	274,994.00	0.00	274,994.00
Stock	320,000.00	320,000.00	0.00	320,000.00
Third party funds		11,330.55	0.00	11,330.55
Bank/ISA InterestGross		82.36	0.00	82.36
Rates Refund		10,522.92	0.00	10,522.92
Other assets	6.00	5.00	0.00	5.00
HMRC - VAT received/paid		14,593.76	0.00	14,593.76
		3,795,164.27	0.00	3,795,164.27
Payments				
HSBC Bank Plc - Mortgage	(1,332,000.00)	2,270,000.00	0.00	2,270,000.00
HSBC Invoice Finance Limited	(864,000.00)	863,634.68	0.00	863,634.68
HSBC Bank Plc - Supplier Loan	(1,592,000.00)	0.00	0.00	0.00
Cash at Bank		11,330.55	0.00	11,330.55
Agents/Valuers Fees (1)		4,500.00	0.00	4,500.00
Legal Fees (1)		24,748.52	0.00	24,748.52
Professional Fees		7,262.33	0.00	7,262.33
Statutory Advertising		73.55	0.00	73.55
Finance Outstanding	(6,000.00)	0.00	0.00	0.00
Unsecured Creditors (All)	(5,932,175.26)	0.00	0.00	0.00
VAT on Purchases		14,593.76	0.00	14,593.76
		3,196,143.39	0.00	3,196,143.39
Net Receipts/(Payments)		599,020.88	0.00	599,020.88
Made up as follows				
Floating Current Account NIB		599,020.88	0.00	599,020.88
		599,020.88	0.00	599,020.88

Note:

Some items of plant and machinery were subject finance with HEF. Circa £27,000 was paid for these items upon completion of the pre-pack sale. This sum was settled directly by the purchaser, and associated costs are included in the costs of the pre-pack sale.

Payments, remuneration and expenses to the Administrator or his associates

Statement of Insolvency Practice 9 disclosure

This appendix has been prepared in accordance with the requirements of the Insolvency Act 1986, the Insolvency (England and Wales) Rules 2016 (the Rules) and Statement of Insolvency Practice 9 (SIP9). In summary, it covers:

- pre-appointment costs
- fee basis
- work done by the administrator and his team during the Period
- disbursements and expenses
- sub-contracted out work
- payments to associates
- relationships requiring disclosure
- information for creditors (rights, fees, committees)

Pre-appointment costs

Pre-administration costs are fees charged and expenses incurred by administrators or other qualified insolvency practitioners, before a company enters administration but with a view to it doing so. To the extent they remain unpaid when a company enters administration and payment is sought, approval is required from the appropriate body of creditors as to whether they should be paid from the estate.

On 5 March 2019, the creditors approved payment of £20,000 for the pre-administration fees and £33,132 of pre-administration expenses of Grant Thornton UK LLP (as disclosed in my Proposals). To date, all pre-administration expenses have been paid except for the pre-administration fees which have not yet been drawn; however, they will be drawn shortly.

The pre-administration expenses are summarised in the table below. Please note that the pre-administration expenses that have been paid are slightly greater than the amount detailed in the Proposals by £749 due to the legal costs being slightly more and payment of disbursements.

Expense	Incurred (£)	Paid (£)	Outstanding (£)
Grant Thornton UK LLP Fees	20,000	-	20,000
DLA Piper UK LLP fees	24,500	24,500	-
DLA Piper UK LLP disbursements	249	249	-
Hilco Global	3,500	3,500	-
Alder King LLP	1,000	1,000	-
Sterling Technology Limited	4,632	4,632	-
Total	53,881	33,881	20,000

Post-appointment costs

Fee basis of the administrator

On 5 March 2019, the secured and preferential creditors resolved that the remuneration of the administrator be fixed at £120,000 plus 30% of future realisations.

No remuneration has been drawn to date.

Work done by the administrator and his team during the Period

Area of work	Work done	Why the work was necessary	Financial benefit to creditors
Investigations			
Claims	<ul style="list-style-type: none">Detailed communications with instructed solicitors to discuss and agree the future strategy of the claimReceipt of correspondence from the defendants' solicitors and detailed reviews and discussions of the sameDiscussed and arranged ATE cover with insurers	<ul style="list-style-type: none">To progress the investigations and claim in respect of the alleged misappropriation of company funds	<ul style="list-style-type: none">This work was necessary to realise financial value for the estate and for a distribution to creditors should sufficient funds become available.
Creditors			
Secured	<ul style="list-style-type: none">Formal reporting to the secured creditorLiaised with secured creditor concerning the extension of the administrationRequested information and approval on various matters such as the extension of the administration	<ul style="list-style-type: none">To comply with our requirements with reporting to the secured creditorTo keep the secured creditor informed as the key stakeholder in the administration due to their fixed and floating charges over the Company's assetsTo obtain the secured creditor's approval before any major decision in the administration is taken	<ul style="list-style-type: none">This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors
Unsecured	<ul style="list-style-type: none">Liaised with unsecured creditors regarding their claims in the estate and other queriesCommunicating with insurer concerning accident claim	<ul style="list-style-type: none">To ensure all unsecured creditor claims are dealt with appropriately	<ul style="list-style-type: none">This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors

Administration			
Case management	<ul style="list-style-type: none"> Reviewed case matters and progression by Insolvency Practitioners Association and risk management team Completed file reviews Facilitated the extension of the administration alongside our case management unit 	<ul style="list-style-type: none"> To comply with insolvency law and regulations 	<ul style="list-style-type: none"> This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors
Reports, circulars notices & decisions	<ul style="list-style-type: none"> Wrote to creditors to provide an update in respect of the progress of the administration 	<ul style="list-style-type: none"> To comply with insolvency law and regulations 	<ul style="list-style-type: none"> This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors
Treasury, billing & funding	<ul style="list-style-type: none"> Reconciled bank statements to cash book 	<ul style="list-style-type: none"> To carry out bank reconciliations 	<ul style="list-style-type: none"> This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors
Tax	<ul style="list-style-type: none"> Reviewed and circulated tax documentation to tax team 	<ul style="list-style-type: none"> To comply with tax legislation 	<ul style="list-style-type: none"> This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors

Statement of expenses and disbursements incurred in the Period

This table provides details of expenses and disbursements incurred in the Period in connection with the work done by the administrator, description of which is provided in the 'Work done' section above.

Category	Incurred in the Period (£)	Cumulatively incurred as at Period end (£)	Of which paid by the estate as at Period end (£)
Category 1 disbursements			
Accommodation	-	229	-
Experian report	15	15	-
Insolvency practitioners' bond	-	1,000	-
Parking/toll	-	15	-
Subsistence	-	91	-
Category 2 disbursements			
Mileage	-	772	-
Expenses			
Agents/Valuers fees:			
Alder King LLP	-	1,000	1,000
Hilco Global	-	3,500	3,500
Legal Fees – DLA Piper LLP	-	24,749	24,749
Professional fees:			
Sterling Technology Limited	-	4,632	4,632
CAPA	-	2,631	2,631
Statutory advertising	-	74	74
Total expenses and disbursements	15	37,936	36,586

Disbursements are expenses met by and reimbursed to an office holder in connection with an insolvency appointment and fall into two categories:

Category 1 disbursements

These are also known as 'out of pocket expenses' and are payments to independent third parties where there is specific expenditure directly referable to the insolvent estate; they can be drawn without prior approval and consist of the following categories:

- Travel and subsistence – these costs, which exclude mileage, are incurred by staff in attending trading premises or meetings, for example
- Office costs – these are costs such as postage or courier charges which are incurred in managing the case
- Statutory costs – these are costs such as bonding and advertising relating specifically to the case, which are required by statute

They also include expenses which have been paid using a Grant Thornton Loan, the balance of which (if any) can be seen on the administrator's receipts and payment account at Appendix A.

Category 2 disbursements

These are expenses that are directly referable to the insolvent estate but not a payment to an independent third party. They may include shared or allocated costs that may be incurred by an office holder or their firm, and that can be allocated to the appointment on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as an office holder's remuneration.

To the extent that recovery of category 2 disbursements is sought, this will be for mileage only. Accordingly, the following resolution was made by the creditors on 5 March 2019:

- That the joint administrators' out of pocket expenses at cost; mileage is charged at 45p per mile, be approved

Mileage is charged at 45p a mile. VAT is added as appropriate. Details of these costs are also provided in the table above.

Sub-contracted out work

I confirm that, in the Period, I have not sub-contracted out any work that could otherwise have been carried out by me or my team.

Payments to associates

Where I have enlisted the services of others I have sought to obtain the best value and service. In the interest of transparency, I disclose below services I have sought from within the firm or from a party with whom (to the best of my knowledge) the firm, or an individual within the firm, has a business or personal relationship:

Service provider	Services enlisted	Cost of service
Grant Thornton UK LLP	<ul style="list-style-type: none"> • Tax work/advice (narrative is included within the above narrative of work done) 	<ul style="list-style-type: none"> • Costs are included within my fixed fee for acting as administrator

Relationships requiring disclosure

I confirm that I am not aware of any business or personal relationships with any parties responsible for approving the administrator's fee basis, or who provide services to me as administrator, which may give rise to a potential conflict.

Information for creditors and members

Information to help creditors and members to understand their rights in insolvency and regarding officeholders' (ie administrators or liquidators) fees, and the roles and functions of committees is available via Grant Thornton's website:

<https://www.grantthornton.co.uk/portal>

Commercial in confidence

Alternatively, I will supply this information by post, free of charge, on request

C Statutory information

Company information

Company name	Lyte Industries (Wales) Limited
Date of incorporation	24 January 1986
Company registration number	01982317
Former trading address	Beaufort Reach Siemens Way Swansea Enterprise Park Swansea SA7 9BB
Present registered office	4 Hardman Square Spinningfields Manchester M3 3EB

Administration information

Administration appointment	The administration appointment granted in the Business and Property Courts in Birmingham, 000032 of 2019
Appointor	the directors
Date of appointment	24 January 2019
Administrator's name	Alistair Wardell
Administrator's address	6 th Floor, 3 Callaghan Square, Cardiff CF10 5BT
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up
Estimated values of the net property and prescribed part	The Company's net property is estimated to be c£455,000. The prescribed part is therefore estimated to be c£94,000.
Prescribed part distribution	The administrator does not intend to apply to court to obtain an order that the prescribed part shall not apply Therefore, the administrator intends to make a distribution to the unsecured creditors
Current administration expiry date	23 January 2021

D Notice about this report

This report has been prepared by Alistair Wardell, the administrator of Lyte Industries (Wales) Limited – in administration, solely to comply with the administrator's 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 or any financial interest in the Company.

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 persons choosing to rely on this report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 do so at their own risk. To the fullest extent permitted by law, the administrator do not assume any liability in respect of this report to any such person.

Alistair Wardell is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association and is bound by the Insolvency Code of Ethics.

The administrator acts as an agent for the Company and contract without personal liability. The appointment of the administrator is personal to them and to the fullest extent permitted by law, Grant Thornton UK LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

Please note you should read this progress report in conjunction with the administrator's previous progress reports and proposals issued to the Company's creditors, which can be found on the Grant Thornton portal (<https://www.grantthornton.co.uk/portal/>). Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT. For definitions of abbreviations please refer to the 'Definitions' table at the start of this progress report.

Disclaimer

This Progress Report has been prepared by the administrator of Lyte Industries (Wales) Limited, solely to comply with the statutory duty under rule 18.3 of the the Insolvency (England and Wales) Rules 2016 to report to creditors on the administrator's progress on the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

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