

The Insolvency Act 1986

Administrator's progress report

Name of Company ABC Environments Limited	Company number 02051682
In the Manchester District Registry [full name of court]	Court case number 2107 of 2014

We, Steven John Currie and Robert Michael Young of Begbies Traynor (Central) LLP, The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, ST3 6HP

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

from

to

28 January 2014

27 July 2014

Signed


Joint Administrator

Dated

22 August 2014

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.

Begbies Traynor (Central) LLP	
The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, ST3 6HP	
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When you have completed and signed this form please send it to the Registrar of Companies at
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COMPANIES HOUSE

TUESDAY

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability

ABC Environments Limited (In Administration)

Progress report pursuant to Rule 2.47 of the
Insolvency Rules 1986

Period: 28 January 2014 to 27 July 2014

Important Notice

This progress report has been produced to comply with our statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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1 INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	ABC Environments Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 28 January 2014
"the administrators" "we" "our" and "us"	Steven John Currie and Robert Michael YOUNG of Begbies Traynor (Central) LLP, The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, ST3 6HP
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	<ul style="list-style-type: none">(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and(ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

2. COMPANY INFORMATION

Date of Incorporation	2 September 1986
Company registered number	02051682
Company registered office	The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, ST3 6HP

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of administrators' appointment	28 January 2014
Court	Manchester District Registry
Court Case Number	2107 of 2014
Persons making appointment	The directors of the Company
Acts of the administrators	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 28 January 2014 to 27 July 2014

Receipts

Motor Vehicle & Caravan

Our agent removed the motor vehicle and caravan owned by the Company for sale at auction. They achieved sale prices of £7,600 and £1,800 respectively for the items giving a combined total of £9,400 which has now been received into the Administration.

Our agent's initial valuation stated that they estimated to realise a combined value of £11,000 for the items which is £1,600 more than what was actually achieved. The reason for this shortfall is that there was not as high of a demand as originally anticipated for the caravan at auction.

Stock

Our agent also removed stock belonging to the Company for sale at auction, in total they achieved a sale of £827 which was £527 more than the original valuation of £300.

Book Debts

ABC Collections Limited were instructed to assist us with the collection of the book debts due to the Company, to date they have collected £296,286 84 and further realisations are anticipated shortly, further details of which can be found at section 8 below

Cash at Bank

As at our appointment as Administrators of the Company, there was a balance of £6,843 76 held in the bank account that the Company operated with Barclays Bank plc, these funds have now been received into the Administration

Payments

Office Holders Fees

Since our appointment we have drawn £30,000 plus VAT in respect of our agreed fees Further information in relation to our remuneration can be found at section 6 below

Agents Fees

Butters John Bee were instructed to value and realise the tangible assets of the Company, they have been paid £2,118 05 plus VAT for their services

Legal Fees

Grindeys Solicitors assisted with the completion of the necessary documentation to make our appointment as Administrators of the Company, they also produced the Commission Agreement between us and ABC Collections Limited They have been paid £7,545 40 plus VAT for their services

Statutory Advertising

We have paid £151 64 plus VAT in respect of the costs incurred in advertising our appointment as Joint Administrators of the Company and also the initial meeting of creditors

Insurance of Assets

The sum of £545 90 has been paid in relation to the insurance cover that we had in place for the assets of the Company until such time that they were realised

Bank Charges

We have paid £12 20 in bank charges since our appointment

5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in our statement of proposals

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows

Preferential creditors

We are not aware of any preferential creditors

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a prescribed part of the Company's net property available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts Net property means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for

preferential debts and the costs of realising the floating charge assets) The prescribed part of the Company's net property is calculated by reference to a sliding scale as follows

- ☐ 50% of the first £10,000 of net property,
- ☐ 20% of net property thereafter,
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the prescribed part of net property if

- ☐ the net property is less than £10,000 and the administrator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit, (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5))

To the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors

Unsecured creditors

Based upon realisations to date and estimated future realisations there will be sufficient funds available to allow a distribution to the unsecured creditors

As Administrators of the Company we do not have the power to make a distribution to the unsecured creditors therefore we will be looking to place the Company into Creditors' Voluntary Liquidation where the Joint Liquidators will have the power to make a distribution

6. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by the creditors' committee appointed under paragraph 57 of Schedule B1 to the Act, by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration We are also authorised to draw disbursements, including disbursements for services provided by our firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with our firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report

We have also agreed with the creditors' committee that our fees will be limited to £30,000 without prior consent from them

Our time costs for the period from 28 January 2014 to 27 July 2014 amount to £54,604 50 which represents 235 2 hours at an average rate of £232 16 per hour

The following further information in relation to our time costs and disbursements is set out at Appendix 2

- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value for the period 28 January 2014 to 27 July 2014
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

To 27 July 2014, we have drawn the total sum of £30,000 on account of our remuneration, against total time costs of £54,604 50 incurred since the date of our appointment

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2011' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

7. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3

8. ASSETS THAT REMAIN TO BE REALISED

Fixtures, Fittings & Equipment

As per our proposals, the fixtures, fittings and equipment had a net book value of £962 in the last set of accounts prepared by the Company, due to the age and condition of the assets no realisations have been made in this regard

Book Debts

Following a recent meeting with ABC Collections Limited, we believe that there is a balance of approximately £80,000 that remains outstanding. We anticipate that £60,000 of these funds will be received within the next month and the balance is continually being chased with further realisations anticipated shortly.

The Shrewsbury College contract remains under review and at this moment in time future realisations under this contract are uncertain and they have not been included in the £80,000 referred to above.

9. OTHER RELEVANT INFORMATION

ABC Collections Limited

At the initial meeting of creditors held on 7 April 2014, creditors highlighted their concerns at the Commission Agreement between us and ABC Collections Limited and the level of commission being paid. As a result of this no commission has been paid to ABC Collections Limited to date in respect of the realisations made.

As requested we have instructed an independent third party, The IRG Partnership to review the book debt position and the commissions agreed. We have now met with The IRG Partnership and are awaiting the outcome of their review, once this has been received we shall report to the creditors' committee to obtain their views prior to any payments being made.

Report on Directors conduct

As detailed in our statement of proposals, we have a duty to submit a report to the Department for Business, Innovation and Skills on the conduct of the directors. We have complied with our duties in this respect.

Investigations completed and action taken

We have undertaken an initial assessment of the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect.

Following this review we have found a potential preference payment pursuant to section 239 of the Insolvency Act 1986 to ABC Digital Solutions Limited in the sum of £76,554.06. We have written to ABC Digital Solutions Limited requesting repayment of these funds and we are currently awaiting their response. Once a response has been received we shall report to the creditors' committee to notify them of the outcome.

Proposed exit route from administration

There will be sufficient funds available to allow a distribution to the unsecured creditors however as Joint Administrators of the Company we do not have the power to make a distribution to them. We will therefore be looking to move the Company to Creditors' Voluntary Liquidation shortly where the Joint Liquidators will have the power to make such a distribution.

As requested by the creditors at the initial meeting held on 7 April 2014, the Joint Liquidators will be Steven John Currie of Begbies Traynor (Central) LLP and Paul Finnity of Baker Tilly Business Services Limited.

10. CREDITORS' RIGHTS

Right to request further information

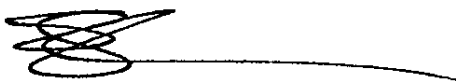
Pursuant to Rule 2.48A of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been detailed in this progress report.

Right to make an application to court

Pursuant to Rule 2.109 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred as set out in this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

11. CONCLUSION

We will report again in approximately six months time or at the conclusion of the administration, whichever is the sooner.



S J Currie
Joint Administrator

Dated 22 August 2014

ACCOUNT OF RECEIPTS AND PAYMENTS

Period 28 January 2014 to 27 July 2014

ABC Environments Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments
To 27/07/2014

S of A £		£	£
	ASSET REALISATIONS		
NIL	Fixtures, Fittings & Equipment	NIL	
11,000 00	Motor Vehicle & Caravan	9,400 00	
300 00	Stock	827 00	
405,480 00	Book Debts	296,286 84	
6,836 00	Cash at Bank	6,843 76	
			313,357 60
	COST OF REALISATIONS		
	Office Holders Fees	30,000 00	
	Agents Fees	2,118 05	
	Legal Fees	7,545 40	
	Statutory Advertising	151 64	
	Insurance of Assets	545 90	
	Bank Charges	12 20	
			(40,373 19)
	UNSECURED CREDITORS		
(689,592 00)	Trade Creditors	NIL	
(5,902 00)	HM Revenue & Customs - PAYE/NIC	NIL	
(1,228 00)	HM Revenue & Customs - VAT	NIL	
(151,100 00)	ABC Digital Solutions Limited	NIL	
			NIL
	DISTRIBUTIONS		
(100 00)	Ordinary Shareholders	NIL	
			NIL
(424,306.00)			272,984.41
	REPRESENTED BY		
	Bank 1 Current		267,171 88
	Vat Control Account		5,812 53
			272,984.41

TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred, and
- d Table of time spent and charge-out value for the period from 28 January 2014 to 27 July 2014

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting.
- Car mileage is charged at the rate of 45 pence per mile.
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates.

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Stoke office as at the date of this report are as follows

	Standard 1 May 2011 – until further notice Regional
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	ABC ENVIRONMENTS LIMITED
CASE TYPE	ADMINISTRATION
OFFICE HOLDERS	STEVEN JOHN CURRIE AND ROBERT MICHAEL YOUNG
DATE OF APPOINTMENT	28 JANUARY 2014

1 CASE OVERVIEW

1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

1.2 Complexity of the case

The case has involved the sale of the tangible assets of the Company, the collection of book debts and also investigations into the affairs of the Company

1.3 Exceptional responsibilities

There have been no exceptional responsibilities

1.4 The office holders' effectiveness

The office holders have been effective as all tangible assets have now been realised and the collection of the book debts has commenced with a high level of recoveries made to date

1.5 Nature and value of property dealt with by the office holders'

The nature and value of the property dealt with by the office holders is detailed earlier in the attached report

1.6 Anticipated return to creditors

It is anticipated that the unsecured creditors will receive a distribution once the Company has moved from Administration to Creditors' Voluntary Liquidation

1.7 Time costs analysis

An analysis of time costs incurred between 28 January 2014 and 27 July 2014 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only

1.8 The views of the creditors

The views of creditors were sought at the initial meeting held on 7 April 2014 and also the first creditors' committee meeting

Once necessary, we shall report again to the creditors' committee or hold a meeting as and when requested

1.9 Approval of fees

The office holders received approval of their fees at the initial meeting of creditors held on 7 April 2014 and also the first creditors' committee meeting held on the same date

1 10 Approval of Expenses and Disbursements

The office holders received approval of their expenses and disbursements at the initial meeting of creditors held on 7 April 2014 and also the first creditors' committee meeting held on the same date

1 11 Category 2 Disbursements

In accordance with the resolution obtained in relation to expenses and disbursements, the following Category 2 disbursements and disbursements which should be treated as Category 2 disbursements have been charged to the case since the date of my appointment

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage	88 65
Room Hire	100 00
TOTAL	188 65

1 12 Other professionals employed & their costs

Butters John Bee were instructed to value and realise the tangible assets of the Company, they have been paid £2,118 05 plus VAT for their services

Grndeys Solicitors completed the necessary documentation to make our appointment as Joint Administrators of the Company and also the Commission Agreement between us and ABC Collections Limited, they have been paid £7,545 40 plus VAT for their services

ABC Collections Limited were appointed under a Commissions Agreement to collect the book debts due to the Company, the agreed commissions have been disputed by the creditors of the Company and they are currently under review by a third party

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

2 1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 2

2 2 The rates charged by the various grades of staff who may work on a case are attached at Appendix2

3. SUMMARY OF WORK CARRIED OUT SINCE OUR LAST REPORT

Since the date of our last report, the following work has been carried out

- Completed all statutory notifications and duties
- Realised all tangible assets
- Commenced the collection of the book debts due to the Company
- Continued with our investigations into the affairs of the Company

STATEMENT OF ADMINISTRATORS' EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Agent's fees	Butters John Bee	2,118 05	2,118 05	-
Legal fees	Grindeys Solicitors	7,545 40	7,545 05	-
Statutory advertising	TMP Worldwide	151 64	151 64	-
Insurance	AUA Insolvency Risk Services Limited	545 90	545 90	-
Bond	AUA Insolvency Risk Services Limited	342 00	-	342 00