

The Insolvency Act 1986

**Administrator's progress report**

Name of Company

ERI Limited

Company number

02202329

In the  
High Court of Justice Leeds District Registry  
(full name of court)Court case number  
149 of 2012(a) Insert full  
name(s) and  
address(es) of  
administrator(s)We (a)  
David Bennett  
Grant Thornton UK LLP  
Colmore Plaza  
Colmore Circus  
Birmingham  
B4 6ATDavid Dunckley  
Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2P 2YU

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

From

To

(b) Insert date

(b) 20 June 2013

(b) 19 December 2013

Signed

  
Joint Administrators

Dated

17/1/14

**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 Bennett  
Grant Thornton UK LLP  
Colmore Plaza  
Colmore Circus  
Birmingham  
B4 6AT

DX Number

0121 212 4000  
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

TUESDAY



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A03

21/01/2014

#105

COMPANIES HOUSE



Our Ref DJB/PAM/RJJ/TXA/E00277/

To the creditors

17 January 2014

Dear Sirs

**Recovery and Reorganisation**

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

T +44 (0)161 953 6900  
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[www.grantthornton.co.uk](http://www.grantthornton.co.uk)

**ERI Limited - In Administration (the Company)  
High Court of Justice Leeds District Registry  
No 149 of 2012**

**1 Introduction**

- 1.1 Following my appointment as joint administrator of the above Company with David Dunckley by the directors on 27 January 2012, I now report on the progress of the administration to 19 December 2013 and attach
- Appendix A, Form 2.24B, together with an account of our receipts and payments for the period from 20 June 2013 to 19 December 2013 and also for the whole administration to date
  - Appendix B, a statement of the remuneration charged by the joint administrators in the period 20 June 2013 to 19 December 2013 and a statement of expenses incurred in the period
  - Appendix C, an analysis of our time costs as required by Statement of Insolvency Practice 9
  - Appendix D, an extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the administrator (Rule 2.48A)
  - Appendix E, an extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the administrator's remuneration or expenses, if excessive (Rule 2.109)
- 1.2 Please note that we are both authorised by the Insolvency Practitioners Association to act as insolvency practitioners
- 1.3 In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them

**2 Statutory information**

- 2.1 The Company's statutory details are as follows

Registered number 02202329

Registered office c/o Grant Thornton UK LLP,  
4 Hardman Square, Spinningfields,  
Manchester, M3 3EB

### **3 Pre-appointment expenses**

- 3 1 As previously reported, time costs in respect of pre-appointment time and out of pocket expenses amount to £15,535 and £1,195 respectively, the details of which were set out in my statement of proposals (the Proposals)

### **4 Progress report**

#### **Trading**

- 4 1 As previously reported, following our appointment we undertook a seven week trading period whilst we explored the opportunity to sell the business as a going concern. The trading position has now been finalised and net realisations were £197,510
- 4 2 As reported previously, in order to facilitate cashflow in the initial phase, Santander agreed to fund wages and salary payments and advanced monies to the Company. The Company also received loans from the parent company, Estrella Group Limited (Estrella) and Anglo ERI Limited (Anglo), (a group company), both in administration. The loan was repaid to Estrella in July 2012 and the loan to Anglo will be repaid shortly

#### **Assets**

- 4 3 As set out in our Receipts and Payments Account (Appendix A), realisations in respect of the sale of plant and machinery were £297,227

#### **Debtors**

- 4 4 As set out in the Proposals and in my previous progress reports to creditors, the Company had entered into an invoice discounting arrangement with Santander Invoice Finance (Santander). Sovereign Credit Management (Sovereign) were instructed by Santander to recover certain debtor accounts and I engaged a firm of quantity surveyors, Naismiths Limited (Naismiths) to assist with the collection of contract debtors and, specifically, retention balances
- 4 5 To date, debtor realisations are c £1,815,605. Of this balance c £1,789,000 has been paid directly into the Company's invoice discounting account with Santander, the remainder of £26,605 relates to retention balances collected by Naismiths and paid into the administration account. Santander has recently paid over a surplus of £141,492 in respect of debtor collections into the Company's account. This payment was received in December 2013 and therefore does not appear at Appendix A. We do not expect any further realisations in respect of book debts

#### **Liabilities**

##### **Secured Creditors**

- 4 6 The Company was part of the Estrella Group of companies. At the date of my appointment, intra-group loans and trading balances were held across the Group Companies. I have reviewed these balances and how they have been impacted by settlement of liabilities due to the secured creditors of the Group under cross guarantees
- 4 7 Following the appointment of the Joint Administrators, HSBC Bank Plc (the Bank) retained certain balances on the current accounts of other associated companies in the Group to repay balances due to the Bank across the Group, including by the Company. The Bank was able to do so due to a right of set-off provided to them to settle other Group liabilities and as

such, has taken monies in recovery of the funds for wages advanced to the Company during the administration trading period

4 8 In order to establish the various rights of creditors in this regard, we conducted a marshalling exercise. Following the completion of this exercise it has been established that Radius Interiors Limited (Radius) has a principal right of subrogation in respect of the security held by the Bank. This principal right reflects the extent of the credit balance on the bank account of Radius at the date of Administration which was retained by the Bank to meet the liabilities of the Estrella Group.

4 9 As such, funds covered by the Bank's security are due to Radius to the extent of this credit balance. Given the extent of the credit balance on the bank account of Radius it is unlikely any other company within the Estrella Group will benefit from any rights of subrogation.

4 10 As set out in our statement of proposals, Mr Stephen Hayes, Mrs Helena Hayes and Mr Stephen Wain registered a fixed and floating charge over the assets of the Company on 17 January 2012. At the time of my appointment monies owing and secured by this charge amounted to £525,000. I have reached an agreement with these parties and they no longer have a claim against the Company.

4 11 **Preferential Creditors**

There are insufficient funds available to enable a distribution to preferential creditors in this matter.

4 12 **Unsecured Creditors**

There are insufficient funds available to enable a distribution to unsecured creditors in this matter.

**5 Joint administrators' remuneration and expenses**

5 1 As there will not be a dividend to the unsecured or preferential creditors in this case, the basis of my fees for acting as Joint Administrator is to be agreed by the secured creditors.

5 2 You will note from the SIP 9 table attached at Appendix C that our time costs to date are £731,662 and from the receipts and payments account attached at Appendix A that we have yet to draw fees.

5 3 We have received approval from the secured creditors to draw fees of £508,000. On 20 December 2013 we billed fees of £474,765. The payment of these fees does not appear in our Receipts and Payments account because they were drawn after 19 December 2013. It is our intention to draw further fees in this matter prior to ceasing to act. There are insufficient funds available in the estate to allow us to recover our time costs in full.

5 4 Background information regarding the fees of administrators can be found at [www.insolvency-practitioners.org.uk](http://www.insolvency-practitioners.org.uk) (navigate via 'Regulation and Guidance' to 'Creditors Guides to Fees'). Alternatively, we will supply this information by post on request. Time is charged in 6 minute units.

**6 Other expenses incurred by the joint administrators**

6 1 I have provided at Appendix B, a summary of our expenses incurred and paid in the period and I set out below an explanation as to these costs

6 2 JLT Speciality Limited are acting as my insurance broker in this matter Insurance premiums of £440 73 were paid in the period

**7 Extension of the administration**

7 1 Further to my previous progress report, I obtained a further 12 month extension to the administration in accordance with paragraph 76(2)(a) of Schedule B1 to the Insolvency Act 1986, giving a revised date for the automatic termination of the administration of 26 July 2014

7 2 Should you have any queries, please contact Richard Jackson on 0161 9536457

Yours faithfully  
for and on behalf of ERI Limited

A handwritten signature in black ink, appearing to read 'David Bennett', enclosed within a circular scribble.

David Bennett  
Joint Administrator

The affairs, business and property of ERI Limited are being managed by David Bennett and David Dunckley, appointed as joint administrators on 27 January 2012

Enc

## Appendix A

ERI Limited (In Administration)  
Summary of Receipts & Payments  
27 January 2012 to 19 December 2013

	Director's statement of affairs estimated to realise	From 27 January 2012 to 19 June 2013	From 20 June 2013 to 19 December 2013	Total
	£	£	£	£
<b>Trading Receipts</b>				
Trading sales		1 060,730 10	-	1 060 730 10
Santander Book debt receipts (Note 1)	1 704 490	-	-	-
Anglo ERI Advance in respect of wages		26 373 00	-	26 373 00
Miscellaneous Income		250 00	495 21	745 21
Cash at Bank	6 391	6 239 29	-	6,239 29
Loan from Estrella Group		-	-	-
Miscellaneous Income		786 75	-	786 75
TJW Precision Engineering Limited		6 000 00	-	6,000 00
Scrap metal sales		18 288 74	-	18 288 74
<b>Sub-total Trading receipts</b>	<b>1,710,881 00</b>	<b>1,118,667 88</b>	<b>495 21</b>	<b>1,119,163 09</b>
<b>Non Trading receipts</b>				
Plant & Machinery (including assets subject to HP) and Office Equipment	175 000	229,676 91		229,676 91
Stock	1 861 410	67 550 00		67 550 00
Book Debts		26 605 88		26 605 88
Bank Interest		27 46		27 46
Bank/TSA Interest Gross		1 220 98	324 29	1 545 27
<b>Total Receipts</b>	<b>3,747,291 00</b>	<b>1,443,749 11</b>	<b>819.50</b>	<b>1,444,568 61</b>
<b>Trading payments</b>				
Purchases		114,191 28	-	114 191 28
Galvanising		3,962 13	-	3,962 13
Rates		5 983 66	-	5 983 66
Heat & Light		37 247 00	-	37 247 00
Telephone		2 736 31	-	2 736 31
Carriage		7 400 00	-	7 400 00
Warehouseman's Lien		95 173 86	-	95 173 86
Hire of Equipment		11 668 26		11 668 26
Repairs & Maintenance		3,328 46	-	3,328 46
PAYE/NI		118,026 81		118,026 81
Repayment to Santander in respect of advanced wages		524 00		524 00
Wages		339 733 89		339,733 89
Sundry Trading Expenses		1 689 00	-	1,689 00
Retention of title claims		5 312 64	-	5 312 64
Website and software		2 067 00	-	2 067 00
Rent		77,464 30	-	77,464 30
Legal Fees		20 428 93		20 428 93
Consultancy Fee		6 302 73		6 302 73
Employee Deductions		11 673 67	-	11 673 67
Waste Disposal costs		29,545 82	-	29 545 82
Petty Cash		4 670 90	-	4,670 90
Insurance		11,132 55	440 73	11,573 28
HMRC VAT received/paid		10 909 01	40 07	10 949 08
<b>Sub-total Trading payments</b>		<b>921,172 21</b>	<b>480 80</b>	<b>921,653 01</b>
<b>Non-Trading Payments</b>				
HP Settlements		59,112 98	-	59 112 98
HSBC Settlement		12 500 00	-	12 500 00
Agents/Valuers Fees		15 032 77	-	15 032 77
ERA Solutions Limited		9 993 80		9 993 80
Quantity Surveyors Fees		8 254 00	-	8 254 00
Legal Fees		33 570 96	-	33,570 96
IT Disposal Expenses		440 00	-	440 00
Re Direction of Mail		110 00	-	110 00
Statutory Advertising		76 50	-	76 50
Bank Charges		3,425 37	53 26	3 478 63
Storage Costs		692 00	-	692 00
<b>Total payments</b>		<b>1,064,380 59</b>	<b>534 06</b>	<b>1,064,914 65</b>
<b>Balance in hand</b>		<b>379 368 52</b>	<b>285 44</b>	<b>379 653 96</b>
<b>Notes</b>				

1 Debtor receipts have been paid directly into the Company's invoice discounting account with Santander Invoice Finance and therefore are excluded from this Receipts & Payments account

The Insolvency Act 1986

**Administrator's progress report**

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ERI Limited

Company number

02202329

In the  
High Court of Justice Leeds District Registry  
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149 of 2012(a) Insert full  
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B4 6ATDavid Dunckley  
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London  
EC2P 2YU

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

From


To

(b) Insert date

(b) 20 June 2013

(b) 19 December 2013

Signed

  
Joint Administrators

Dated

17/1/14

## B Remuneration charged and expenses incurred by the administrators in the period

	Charged/incurred in period 20/06/2013 to 19/12/2013	Cumulative charged/ incurred to 19/12/2013	Of which paid to 19/12/2013
	£	£	£
<b>Joint administrators' fees:</b>			
Time costs	14,672	731,662	0
Expenses	0	8,080	0
<b>Professional fees</b>			
ERA Solutions Limited	0	9,993	9,993
<b>Insurance costs</b>			
JLT Speciality Limited	440	11,572	11,572
<b>Legal fees</b>			
Addleshaw Goddard LLP	0	4,568	4,568
DLA Piper LLP	0	47,930	47,930
Cobbetts LLP	0	1,500	1,500
<b>Agents/valuers fees</b>			
GVA Grimley Limited	0	15,032	15,032
<b>Quantity surveyors fees</b>			
Naismiths Limited	0	5,000	5,000



## C SIP 9 information

### Introduction

The following information is provided in connection with the administrators' remuneration and disbursements in accordance with SIP 9

Explanation of Grant Thornton UK LLP charging and disbursement recovery policies

### Time costs

All partners and staff are charged out at hourly rates appropriate to their grade, as shown on the attached schedule. Details of the hourly charge-out rates are made available to creditors or committees at the time of fixing the basis of our fees. Support staff (ie secretaries, cashiers and filing clerks) are charged to the case for the time they work on it.

	From 01/07/09	From 01/07/10	From 01/07/11	From 01/07/12	From 01/07/13
	£	£	£	£	£
Partners up to	510	535	560	580	600
Managers up to	385	405	425	440	455
Administrators up to	275	285	300	310	320
Assistants and support staff up to	190	195	205	210	220

### Disbursements

Out of pocket expenses are charged at cost. Mileage is charged at standard rates which comply with HM Revenue and Customs limits or AA recommended rates. VAT is added to disbursement charges as necessary.

# ERI Limited - in Administration - E30200277 - SIP 9 TIME COST ANALYSIS

Job(s) CMU code, Administration

Transaction period All transactions

Export version - standard      Export version - detail      Detailed Version

Standard	Partner		Manager		Executive		Administrator		Total		
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Avg Hrry Rate
Administration and Planning	56 60	30,405 50	160 20	63,848 25	208 15	48,625 95	235 54	33,676 40	660 49	176,556 10	267 31
Creditors	3 00	1,355 00	154 65	59,216 75	209 75	50,490 50	103 15	15,130 50	470 55	126,192 75	268 18
Hiatus period											
Investigations			2 80	840 00	1 00	235 00	14 20	2,101 00	18 00	3,176 00	176 44
Realisation of Assets	1 00	445 00	266 05	100,704 75	150 95	34,085 00	378 20	54,980 00	796 20	190,214 75	238 90
Trading	45	198 00	249 85	89,579 25	470 25	133,321 00	72 50	10,535 00	793 05	233,633 25	294 60
Unclassified					7 00	1,890 00			7 00	1,890 00	270 00
<b>Total</b>	<b>61 05</b>	<b>32,403.50</b>	<b>833 55</b>	<b>314,189 00</b>	<b>1,047.10</b>	<b>268,647 45</b>	<b>803.59</b>	<b>116,422 90</b>	<b>2,745 29</b>	<b>731,662 85</b>	<b>266.52</b>

Total fees billed to date (Time) : £ 474,765

## D An extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the administrator

### Rule 2 48A

- (1) If
  - (a) within 21 days of receipt of a progress report under Rule 2 47 -
    - (i) a secured creditor, or
    - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
  - (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)
- (2) The administrator complies with this paragraph by either -
  - (a) providing all of the information asked for, or
  - (b) so far as the administrator considers that
    - (i) the time or cost of preparation of the information would be excessive, or
    - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
    - (iii) the administrator is subject to an obligation of confidentiality in respect of the information,giving reasons for not providing all of the information
- (3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of -
  - (a) the giving by the administrator of reasons for not providing all of the information asked for, or
  - (b) the expiry of the 14 days provided for in paragraph (1),and the court may make such order as it thinks just
- (4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just

## E An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the administrator's remuneration or expenses if excessive

### Rule 2 109

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application may be made on the grounds that -
  - (a) the remuneration charged by the administrator,
  - (b) the basis fixed for the administrator's remuneration under Rule 2 106, or
  - (c) expenses incurred by the administrator,
 is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders -
  - (a) an order reducing the amount of remuneration which the administrator was entitled to charge
  - (b) an order fixing the basis of remuneration at a reduced rate or amount
  - (c) an order changing the basis of remuneration
  - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration
  - (e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify
 and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration