

The Insolvency Act 1986

Administrator's progress report

Name of Company ERI Limited	Company number 02202329
In the High Court of Justice, Chancery Division, Leeds District Registry (full name of court)	Court case number 149 of 2012

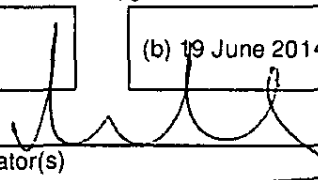
(a) Insert full name(s) and address(es) of administrator(s)

We (a)
David Bennett
Grant Thornton UK LLP
Colmore Plaza
Colmore Circus
Birmingham
B4 6AT

David Dunckley
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

administrator(s) of the above company attach a progress report for the period

(b) Insert date

From (b) 20 December 2013	To (b) 19 June 2014
Signed	
	Joint Administrator(s)
Dated	17/07/14

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 register

David Dunckley
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

DX Number

0161 953 6900
DX Exchange



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

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

To the creditors

17 July 2014

Dear Sirs

Recovery and Reorganisation

Grant Thornton UK LLP
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ERI Limited - In Administration (the Company)
High Court of Justice, Chancery Division, Leeds District Registry
No 149 of 2012

1 Introduction

1.1 Following my appointment as joint administrator of the above company with David Bennett by the directors on 27 January 2012, I now report on the progress of the administration to 19 June 2014 and attach

- Appendix A, Form 2.24B, together with an account of my receipts and payments for the period from 20 December 2013 to 19 June 2014 and also for the whole administration to date
- Appendix B, a statement of the remuneration charged by the joint administrators in the period 20 December 2013 to 19 June 2014 and a statement of expenses incurred in the period
- Appendix C, an analysis of my 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

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales. No. 00307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. A list of personnel permitted by Grant Thornton to accept appointments as insolvency practitioners and of their respective authorising bodies may be inspected at the above address. Please see www.grantthornton.co.uk for further details.

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 my appointment I 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 is being processed.

Assets

- 4 3 As set out in my receipts and payments account at 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. In December 2013, Santander paid the debtor surplus of £141,492 to the administration bank account. I 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, I 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 my 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 You will note from the SIP 9 table attached at Appendix C that my time costs to date are £723,873 and from the receipts and payments account attached at Appendix A that I have drawn remuneration totalling £474,765 to date, as approved by the secured creditors.

5 2 I received approval from the secured creditors to draw remuneration totalling £508,000. It is my intention to draw further fees in this matter prior to ceasing to act. There are insufficient funds available in the estate to allow me to recover my time costs in full.

5 3 I have also drawn disbursements totalling £8,080 which relate to travel, postage and obtaining the insolvency practitioners' bonds.

- 5.4 Background information regarding the fees of administrators can be found at 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.

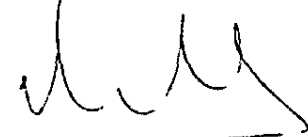
6 Other expenses incurred by the joint administrators

- 6.1 I have provided at Appendix B, a summary of my expenses charged and accrued to date.
- 6.2 No further expenses have been incurred in the period.

7 Outcome of the administration

- 7.1 The Company will move to dissolution ahead of the expiry date which is 26 July 2014.

Yours faithfully
for and on behalf of ERI Limited



David Dunckley
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

ERI Limited - in administration
Summary of receipts and payments
from 27 January 2012 to 19 June 2014

Statement of Affairs £	From 27/01/2012 to 19/12/2013 £	From 20/12/2013 to 19/06/2014 £	Total £
Receipts			
Sales	945,628 70	0 00	945,628 70
Fixed charge Debtor Surplus	0 00	141,492 86	141,492 86
Debors Post Appt Trading	115,101 45	0 00	115,101 45
Miscellaneous Income	250 00	0 00	250 00
Bank Interest	27 46	0 00	27 46
Plant & Machinery - interim distribution	297,226 91	270 82	297,497 73
Book Debts	26,605 88	0 00	26,605 88
Cash at Bank	6,239 29	0 00	6,239 29
Misc Float Receipts	495 21	0 00	495 21
Bank/ISA InterestGross	1,545 27	326 03	1,871 30
Scrap metal sales	18,288 74	0 00	18,288 74
Misc Refunds	786 75	0 00	786 75
Advance for wages	26,373 00	0 00	26,373 00
TJW Precision Engineering Limited	6,000 00	0 00	6,000 00
Trade Creditors	(240 40)	240 40	0 00
Vat Payable	0 00	54 17	54 17
	1,444,328.26	142,384 28	1,586,712.54
Payments			
Purchases (1)	114,191 28	0 00	114,191 28
Galvanising	3,962 13	0 00	3,962 13
Arrears of wages	524 00	0 00	524 00
Rates	5,983 66	0 00	5,983 66
Heat & Light	37,247 00	0 00	37,247 00
Telephone	2,736 31	0 00	2,736 31
Carriage	7,400 00	0 00	7,400 00
Insurance	11,332 88	0 00	11,332 88
Professional Fees	9,993 80	0 00	9,993 80
Bank Charges	56 70	0 00	56 70
Warehouseman's Lien	95,173 86	0 00	95,173 86
Lease/HP Payments	49,737 34	0 00	49,737 34
Hire of Equipment	11,668 26	0 00	11,668 26
Repairs & Maintenance	3,328 46	0 00	3,328 46
PAYE/NI	118,026 81	0 00	118,026 81
Wages	339,733 89	0 00	339,733 89

ERI Limited - in administration
Summary of receipts and payments
from 27 January 2012 to 19 June 2014

Statement of Affairs £	From 27/01/2012 to 19/12/2013 £	From 20/12/2013 to 19/06/2014 £	Total £
Sundry Trading Expenses	1,689 00	0 00	1,689 00
ROT	5,312 64	0 00	5,312 64
Website and software	2,067 00	0 00	2,067 00
Bank Charges	27 46	0 00	27 46
HSBC Settlement	12,500 00	0 00	12,500 00
Rent	77,464 30	0 00	77,464 30
Administrators Fees	0 00	474,765 00	474,765 00
Administrators Expenses	0 00	8,079 96	8,079 96
Agents/Valuers Fees (1)	15,032 77	0 00	15,032 77
Quantity Surveyors Fees	8,254 06	0 00	8,254 06
Legal Fees (1)	53,999 89	0 00	53,999 89
Consultancy Fee	6,302 73	0 00	6,302 73
IT Disposal Expenses	440 00	0 00	440 00
Employee Deductions	11,673 67	(332 93)	11,340 74
Storage Costs	692 00	136 60	828 60
Re-Direction of Mail	110 00	0 00	110 00
Statutory Advertising	76 50	0 00	76 50
Other Property Expenses	29,545 82	0 00	29,545 82
Petty Cash	4,670 90	0 00	4,670 90
Bank Charges	3,394 47	75 58	3,470 05
HP/Lease company	9,375 64	0 00	9,375 64
Vat on Purchases	7,349 08	27 32	7,376 40
HMRC - VAT received/paid	3,600 00	0 00	3,600 00
	1,064,674 31	482,751 53	1,547,425.84
Net Receipts/(Payments)	379,653 95	(340,367.25)	39,286.70
Made up as follows			
Floating Current Account NIB 18/06/14	379,653 95	(340,367 25)	39,286 70
	379,653.95	(340,367 25)	39,286.70

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

	Charged/incurred in period 20/12/2013 to 19/06/2014	Cumulative charged/ incurred to 19/06/2014	Of which paid to 19/06/2014
	£	£	£
Joint administrators' fees			
Time costs	7,873	739,536	474,765
Expenses	0	8,080	8,080
Professional fees			
ERA Solutions Limited	0	9,993	9,993
Insurance costs			
JLT Speciality Limited	0	11,572	11,572
Legal fees			
Addleshaw Goddard LLP	0	4,568	4,568
DLA Piper LLP	0	47,930	47,930
Cobbetts LLP	0	1,500	1,500
Agents/valuers fees			
GVA Grimley Limited	0	15,032	15,032
Quantity surveyors fees			
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) Administration, CMU code

Transaction period 27/01/2012 to 19/06/2014

[Export version - standard](#) [Export version - detail](#) [Detailed Version](#)

Standard	Partner		Manager		Executive		Administrator		Total		
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Avg Hrly Rate
Administration and Planning	2 50	300 00	49 60	26,475 50	223 28	52,432 85	244 06	35,002 30	656 84	168,298 40	256 22
Creditors			3 25	1,475 00	210 00	50,550 50	103 95	15,259 50	476 10	127,903 00	268 65
Hiatus period											
Investigations					1 00	235 00	14 20	2,101 00	18 00	3,176 00	176 44
Realisation of Assets			1 00	445 00	150 95	34,085 00	381 70	55,522 50	799 80	190,789 25	238 55
Trading			45	198 00	470 57	133,394 60	72 50	10,535 00	793 37	233,706 85	294 57
Total	2 50	300 00	54 30	28,593 50	1,055 80	270,697 95	816 41	118,420 30	2,744.11	723,873 50	263 79

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