

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)

I (a)
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 June 2014	To (b) 24 July 2014
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Signed

Administrator(s)

Dated

24/7/14

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

DX Number

0161 953 6900
DX Exchange

SATURDAY



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26/07/2014

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COMPANIES HOUSE

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

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

To the creditors

24 July 2014

Dear Sirs

Recovery and Reorganisation

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

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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 administrator of the above company by the directors on 27 January 2012, I am now in a position to conclude the administration. This is my final progress report, including

- Appendix A, an account of my receipts and payments for the period ended to date in accordance with Rule 2.47 of the Insolvency Rules 1986
- Appendix B, a statement of the remuneration charged by the administrator in the period 20 June 2014 to date 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 and expenses, if excessive (Rule 2.109)

1 2 David Bennett was also appointed as administrator on 27 January 2012 but has now left the firm and was removed from this case with effect from 27 June 2014

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 Receipts and payments account

3 1 I attach my receipts and payments account at Appendix A. You will note that no amounts have been paid to the unsecured creditors by virtue of the application of section 176A of the Insolvency Act 1986 (prescribed part)

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales. No 0C307742. 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.

4 Pre-appointment expenses

- 4 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)

5 Progress Report

Trading

- 5 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
- 5 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
- 5 3 The loan was repaid to Estrella in July 2012 and the loan of £26,373 to Anglo has now been settled

Assets

- 5 4 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

- 5 5 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
- 5 6 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

- 5 7 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

5 8 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.

5 9 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.

5 10 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.

5 11 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.

5 12 **Preferential Creditors**

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

5 13 **Unsecured Creditors**

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

6 Administrator's remuneration and expenses

6 1 You will note from the SIP 9 table attached at Appendix C that my time costs to date are £741,324 and from the receipts and payments account attached at Appendix A that I have drawn £492,967 with approval from the secured creditors.

6 2 Time costs of £1,788 incurred in the period but not drawn as remuneration to date are disclosed in Appendix B. In addition, I have drawn expenses of £8,261 as indicated in Appendix A. Any remaining time costs will be written off.

6 3 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 units of 6 minutes.

7 Other expenses incurred by the administrator

- 7.1 I have provided at Appendix B, a summary of my expenses charged and accrued during the administration

8 Outcome of the administration

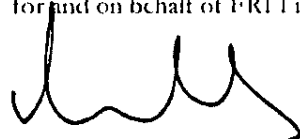
Discharge from liability

- 8.1 On 23 July 2014 the secured creditors approved that the administrator be discharged from liability pursuant to paragraph 98 of schedule B1 of the Insolvency Act 1986, with effect from 14 days after the joint administrators send their final progress report to creditors

Closure

- 8.2 Please note that I have today sent a copy of Form 2.35B to the Registrar of Companies. On registration, my appointment shall cease to have effect. The Company is deemed to be dissolved three months thereafter unless an order is made extending or suspending that period.

Yours faithfully
for and on behalf of LRI Limited



David Dunckley
Administrator

The affairs, business and property of LRI Limited are being managed by David Dunckley, appointed as administrator on 27 January 2012

Lnc

ERI Limited - in administration
Summary of receipts and payments
from 27 January 2012 to 24 July 2014

Statement of Affairs	From 27-Jan-12 to 19-Jun-14	From 20-Jun-14 to 24-Jul-14	Total
	£	£	£
Receipts			
Sales	945,628 70	0 00	945,628 70
Fixed charge Debtor Surplus	141,492 86	0 00	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
Solicitor's payment received in error	501,200 00	0 00	501,200 00
Bank Charges	16 50	0 00	16 50
Plant & Machinery - interim distribution	367,497 73	0 00	367,497 73
Book Debts	47,353 35	0 00	47,353 35
Cash at Bank	6,239 29	0 00	6,239 29
Misc Float Receipts	495 21	0 00	495 21
Bank/ISA InterestGross	1,955 59	39 74	1,995 33
Scrap metal sales	19,618 05	0 00	19,618 05
Misc Refunds	20,786 75	0 00	20,786 75
Advance for wages	76,081 00	0 00	76,081 00
TJW Precision Engineering Limited	6,000 00	0 00	6,000 00
VAT irrecoverable	0 00	54 17	54 17
Employee Deductions	332 93	0 00	332 93
Bank Charges	113 82	20 00	133 82
HMRC - VAT received/paid	-3,600 00	3,600 00	0 00
	<u>2,246,590 69</u>	<u>3,713.91</u>	<u>2,250,304 60</u>
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	38,892 37	0 00	38,892 37
Telephone	2,736 31	0 00	2,736 31
Carriage	7,400 00	0 00	7,400 00
Insurance	11,332 88	40 07	11,372 95
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
Sundry Trading Expenses	1,689 00	0 00	1,689 00
ROT	5,312 64	0 00	5,312 64
Solicitor's payment received in error	501,200 00	0 00	501,200 00
Website and software	2,067 00	0 00	2,067 00
Bank Charges	43 96	0 00	43 96
HSBC Settlement	12,500 00	0 00	12,500 00
Plant & Machinery - interim distribution	70,000 00	0 00	70,000 00
Book Debts	20,747 47	0 00	20,747 47
Rent	77,464 30	0 00	77,464 30
Bank/ISA InterestGross	84 29	16 49	100 78
Scrap metal sales	1,329 31	0 00	1,329 31
Misc Refunds	20,000 00	0 00	20,000 00
Advance for wages	49,708 00	26,373 00	76,081 00
Administrators Fees	474,765 00	18,202 48	492,967 48
Administrators Expenses	8,079 96	180 95	8,260 91
VAT irrecoverable	0 00	3,741 81	3,741 81
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
Corporation Tax	0 00	52 35	52 35
Consultancy Fee	6,302 73	0 00	6,302 73
IT Disposal Expenses	440 00	0 00	440 00
Employee Deductions	11,673 67	0 00	11,673 67
Storage Costs	828 60	0 00	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	3,583 87	70 32	3,654 19
HP/Lease company	9,375 64	0 00	9,375 64
Vat on Purchases	5,731 03	-5,731 03	0 00
Vat Payable	-54 17	54 17	0 00
	<u>2,207,303 99</u>	<u>43,000 61</u>	<u>2,250,304.60</u>
Net Receipts/(Payments)	<u><u>39,286 70</u></u>	<u><u>-39,286 70</u></u>	<u><u>0 00</u></u>

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

	Charged/incurred in period 20/06/2014 to date	Cumulative charged/ incurred to date	Of which paid to date
	£	£	£
Administrator's fees			
Time costs	1,788	741,324	492,967
Expenses	181	8,261	8,261
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 administrator's 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	From 01/07/14
	£	£	£	£	£	£
Partners up to	510	535	560	580	600	615
Managers up to	385	405	425	440	455	470
Administrators up to	275	285	300	310	320	330
Assistants and support staff up to	190	195	205	210	220	230

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 All transactions

Appendix C

Standard	Partner			Manager			Executive			Administrator			Total		
	Hrs	£	Avg Hrly Rate	Hrs	£	Avg Hrly Rate	Hrs	£	Avg Hrly Rate	Hrs	£	Avg Hrly Rate	Hrs	£	Avg Hrly Rate
Administration and Planning	57 10	30,675 50	537 22	165 40	65,875 25	398 28	226 25	53,158 15	234 95	249 31	35,643 55	142 97	700 76	185,676 45	264 96
Creditors	3 25	1,475 00	453 85	158 90	60,618 00	381 49	210 00	50,550 50	240 72	104 45	15,332 00	146 79	476 60	127,975 50	268 52
Hiatus period													00	00	
Investigations				2 80	840 00	300 00	1 00	235 00	235 00	14 20	2,101 00	147 96	18 00	3,176 00	176 44
Realisation of Assets	1 00	445 00	445 00	266 15	100,736 75	378 50	150 95	34,085 00	225 80	381 70	55,522 50	145 46	798 80	190,789 25	238 55
Trading	45	198 00	440 00	249 85	89,579 25	358 53	470 57	133,394 60	283 47	72 50	10,535 00	145 31	793 37	233,706 85	294 57
Total	61 80	32,793 50	530 64	843 10	317,649 25	376 76	1,058 77	271,423 25	256 36	822 16	119,134 05	144 90	2,788 53	741,324 05	265 85

Total fees billed to date (Time) £ 492,967

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