

The Insolvency Act 1986

## Statement of joint administrators' proposals

|   |                                   |
|---|-----------------------------------|
| Name of Company<br>AAA A1 Streamline Road Markings Limited                    | Company number<br>02536616        |
| In the High Court of Justice, Chancery Division, Manchester District Registry | Court case number<br>2257 of 2016 |

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

We (a) Jason Mark Elliott and Craig Johns of Cowgill Holloway Business Recovery LLP, Regency House, 45-53 Chorley New Road, Bolton, BL1 4QR

attach a copy of our proposals in respect of the Administration of the above Company

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 29 April 2016

Signed



Craig Johns - Joint Administrator

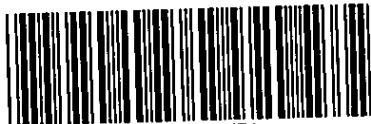
Dated 29 April 2016

### 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.

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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

## Notice of conduct of business by correspondence

|   |                                       |
|---|---------------------------------------|
| Name of Company<br><br>AAA A1 Streamline Road Markings Limited                | Company number<br><br>02536616        |
| In the High Court of Justice, Chancery Division, Manchester District Registry | Court case number<br><br>2257 of 2016 |

Notice is hereby given by Jason Mark Elliott and Craig Johns of Cowgill Holloway Business Recovery LLP, Regency House, 45-53 Chorley New Road, Bolton, BL1 4QR to the creditors of AAA A1 Streamline Road Markings Limited whose registered office is at c/o Cowgill Holloway Business Recovery LLP, Regency House, 45 – 53 Chorley New Road, Bolton, BL1 4QR that pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, below are a number of resolutions for your consideration. Please indicate whether you are in favour or against each resolution.

This form must be received at Cowgill Holloway Business Recovery LLP, Regency House, 45-53 Chorley New Road, Bolton, BL1 4QR by 12 00 hours on 16 May 2016 in order to be counted. It must be accompanied by details in writing of your claim. Failure to do so will lead to your vote(s) being disregarded.

Signed



Craig Johns - Joint Administrator

Dated 29 April 2016

### Resolutions (\* delete as appropriate)

- 1 That the Joint Administrators' Proposals be approved I am \*in Favour / Against
- 2 Under Rule 2 67A of the Insolvency Rules and in the absence of a Creditors' Committee, the unpaid pre-administration costs as detailed in the Joint Administrators' Proposals be approved I am \*in Favour / Against
- 3 Under Rule 2 106 of the Insolvency Rules and in the absence of a Creditors' Committee, the remuneration of the Joint Administrators be fixed in accordance with the Joint Administrators' fee estimate, as time costs as detailed in the Joint Administrators' Proposals I am \*in Favour / Against
- 4 That the Joint Administrators be authorised to draw Category 2 disbursements in accordance with their firm's published tariff I am \*in Favour / Against
- 5 The Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect I am \*in Favour / Against

**AAA A1 Streamline Road Markings Limited - In Administration**  
**Creditor's Statement of Claim**

Name and address of creditor

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Registered Number (if Company)

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Amount claimed (Including VAT):

£ 

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If the above claim includes uncapitalised  
interest, state the amount

£ 

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Particulars of how & when the debt was  
incurred by the Company?

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If security held:

Type of security held 

---

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Value of security £ 

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Date given 

---

Particulars of any reservation of title  
claimed in respect of goods supplied to  
which the claim relates

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Signature of creditor

---

Print Name

---

Date

---

Telephone

---

Fax:

---

E-mail

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**To be completed by the creditor when returning the form**

Name of creditor \_\_\_\_\_

Signature of creditor \_\_\_\_\_

Date \_\_\_\_\_

(If signing on behalf of creditor, state capacity e g director/solicitor) If you require any further details or clarification prior to returning your votes, please contact me / us at the address above

**Joint Administrators' Report and Statement of Proposals Pursuant  
to  
Paragraph 49 of Schedule B1**

**AAA A1 Streamline Road Markings Limited -  
In Administration**

**29 April 2016**



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**1      Introduction and Background**

- 1 1      The Company was originally incorporated in the name of Clear Add Limited on 4 September 1990 by Ronald Houghton ("the Director") with a view to installing 'cat eyes' on roads in the North West Region
- 1 2      The Company did not commence trading immediately as the Director conducted research into the market and whilst doing so they took the decision to change the direction of the business
- 1 3      Using personal funds, introduced by the Director, the Company purchased a lining truck and made the decision to commence trading in the road marking industry and in November 1990, the Company changed its name to Streamline Road Marking Limited
- 1 4      The Director had previously worked in the road marking industry and had over 18 years' experience. He had stayed in contact with his ex-employer and also had a number of contacts within the industry
- 1 5      The Company initially commenced trading from the Director's home address employing family members to assist
- 1 6      The Company grew gradually over the coming years, however, in 1995, due to a personal issue the decision was made to cease trading. The Company lay dormant until 1997 when it re-commenced trading
- 1 7      Over the next couple of years the business grew and it was necessary to add more trucks to the fleet. In addition, it was necessary to employ more staff. By 2005, the Company had built several key relationships with the local Councils and various contractors, the customer retention rate was very high due to the Company's focus on customer service and quality
- 1 8      Since this time the Company's turnover was derived from both word of mouth and repeat business

## **AAA A1 STREAMLINE ROAD MARKINGS LIMITED - IN ADMINISTRATION**

- 1 9 Due to its continued growth, cash flow started to become an issue. In order to ease this, the Company approached its bank, The Royal Bank of Scotland Plc ("RBS") to obtain an overdraft. This was granted in October 2006 and a debenture over the Company's assets was granted.
- 1 10 In October 2006 the premises at Unit 7, Thompson Road, Whitehills Industrial Estate ("the Property") was purchased by way of a mortgage with RBS, for the sum of £750,000. The move into the Property came with substantial costs and whilst turnover did continue to rise, the additional costs had a significant impact on the Company's cash flow.
- 1 11 Separately, in order to stay competitive, many of its customers were on 30 day or 60 day payment terms which started to have an impact on the Company's cash flow.
- 1 12 To further compound the issues, the Company noticed a reduction in turnover in early 2008 due to a general economic downturn, caused by the recession and the resulting cuts in budgets for local councils.
- 1 13 In an attempt to further ease cash flow the Company approached Skipton Business Finance Limited ("SBF") and entered into an invoice finance agreement. This allowed the Company to obtain an advance of 65% of the invoice total immediately rather than having to wait for the invoices to be paid by the customers. Unfortunately, in 2009 the Company suffered a significant bad debt of approximately £120,000 which had a significant detrimental effect on availability of funds from SBF.
- 1 14 The Director undertook a review of the Company's expenditure and made as many reductions as possible, including downgrading the Company cars to smaller less expensive models. In addition, the employees were placed on lay off days when there was insufficient work. This resulted in a number of staff leaving who were not replaced.
- 1 15 Due to previous experiences with bad debts the Director made the decision to invest in a number of credit insurance policies with a view to protecting the Company against further losses.
- 1 16 Finally as part of the review, the Company changed accountants. When the new accountant was appointed in 2010 it was highlighted that, historically, the Company's tax had been calculated incorrectly, resulting in overpayments to HM Revenue & Customs ("HMRC").



## **AAA A1 STREAMLINE ROAD MARKINGS LIMITED - IN ADMINISTRATION**

- 1 17 Over the next 12 months, cash flow problems eased as expenditure was tightened and efforts were focused on ensuring that the taxes were calculated correctly
- 1 18 Furthermore, turnover rose steadily in 2011 to £1,519,173 resulting in net profit of £120,387
- 1 19 This continued over the next two years, with turnover and net profit rising to £2million and £281,723 respectively. However, in 2014 one of the Company's customers decided to take the service in house and set up in competition which had the effect of reducing turnover to £1.9million, however, this still resulted in net profit of £162,360
- 1 20 In addition to this, whilst the Company received an advance of 65% on invoices factored with SBF, some customers were now receiving 90 day payments terms and this started to put a strain on the available funds
- 1 21 The Company also started to suffer as a result of poor communication between senior management, directors and the Company accountant. Consequently the director was not fully aware of the Company's finances
- 1 22 When accurate financial information was provided, the Company was already in significant arrears with HMRC and had failed to adhere to a time to pay agreement entered into by the accountant on behalf of the Company with HMRC
- 1 23 On 20 January 2016, HMRC issued a winding up petition against the Company, which was due to be heard on 7 March 2016. This prompted the Company's primary funder, SBF, to contact CHBR and ask them to meet with the Directors and make an assessment of the solutions available to the Company
- 1 24 The Director approached Reward Capital Finance LLP ("Reward") with a view to refinancing the Property. Reward advised that they would only be able to re-finance the Property at 80% loan to value which would have resulted in approximately £244,517 being introduced to the Company. However, these new funds would be insufficient to discharge the amount due to HMRC and have the winding up petition set aside

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- 1 25 CHBR, reviewed the options available to the Company and advised that a CVA might be appropriate. On 17 February 2016, CHBR issued the directors proposals to all creditors in respect to a CVA and a meeting of creditors was convened for 3 March 2016. Prior to the meeting, HMRC advised that they would not be prepared to support the CVA due to the Company's historical failure to file returns in a timely manner and to adhere to the time to pay agreement. Consequently, the CVA was rejected at the meeting.
- 1 26 On 7 March 2016, CHBR instructed Brabners Solicitors LLP ("Brabners") to attend the winding up hearing. At the hearing, the court adjourned the winding up hearing for 14 days.
- 1 27 On 8 March 2016 at 11 00am, the Company held a board meeting, at which it was resolved that it was in the best interests of the Company for it to be placed into Administration. However, due to the outstanding winding up petition issued by HMRC it was resolved that SBF be invited to appoint Administrators.
- 1 28 CHBR also contacted RBS whose charge ranks in priority to that of SBF. RBS agreed with the proposed strategy and had no objection to the appointment of Jason Mark Elliott and Craig Johns of Cowgill Holloway Business Recovery LLP ("CHBR") as Joint Administrators.
- 1 29 On the afternoon of 8 March 2016, Brabners filed Form 2 6B, Notice of Appointment of an Administrator by Holder of Qualifying Floating Charge.
- 1 30 As a result, Jason Mark Elliott and Craig Johns of CHBR, Regency House, 45-53 Chorley New Road, Bolton, BL1 4QR, Insolvency Practitioners licensed in the UK by the Insolvency Practitioners Association, were appointed Joint Administrators of the Company by SBF the holders of qualifying floating charge on 8 March 2016.
- 1 31 The Joint Administrators will act jointly and severally.
- 1 32 The Administration is registered in the High Court of Justice, Chancery Division, Manchester District Registry, under reference number 2257 of 2016.
- 1 33 The EC Regulation on Insolvency Proceedings 2000 applies to the Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

## **2      Administration Strategy and Objective**

2 1      The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives

- Rescuing the Company as a going concern, or
- Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), or
- Realising property in order to make a distribution to one or more secured or preferential creditors

2 2      Further information on the pursuance of the above objectives is detailed below

2 3      As noted above in Section 1 of this report, prior to the Company entering Administration, a CVA was proposed which was rejected by two creditors, including HMRC who are the single largest unsecured creditor

2 4      The directors confirmed that they were unaware of any party that may be interested in acquiring the Company

2 5      It was therefore considered that it would not be possible to satisfy the first purpose of Administration, namely, 'rescuing the Company as a going concern'

2 6      CHBR initially considered whether trading the business, during Administration, was viable, appropriate and would allow more value to be generated for the benefit of the Company's creditors. The forecasts prepared by the directors and senior management of the Company indicated that a number of ongoing Work in Progress contracts ("WIP") could generate profit in the short term whilst the business was offered for sale.

2 7      However, due to the nature of the business the Joint Administrators instructed Brabners to review the Company's accreditations to ensure that these continued to be valid as a result of the Administration. Brabners advised that the Joint Administrators had the power to carry on the business of the Company and Brabners had seen nothing to suggest that insolvency changed the validity of the accreditations.

## **AAA A1 STREAMLINE ROAD MARKINGS LIMITED - IN ADMINISTRATION**

- 2 8 At the same time the Joint Administrators entered into discussions with their insurers, regarding the possibility of completing the WIP Following a detailed review and consideration of the health & safety standards of the Company the Joint Administrators were given the go ahead to complete the WIP
- 2 9 Following confirmation from Brabners and the insurers the Joint Administrators entered into correspondence regarding completion of the WIP Details of the contracts were circulated and confirmation was sought from the contractors regarding payment following the completion of the WIP Despite a number of chasers and senior management liaising with the contractors, sufficient confirmation and guarantees regarding payment were never received and, as such, no WIP was completed by the Joint Administrators
- 2 10 Sanderson Weatherall LLP ("SW") independent valuation agents and chartered surveyors were instructed to provide a report and valuation in respect of the assets of the Company and attended the Company's trading premises to conduct an inventory and valuation of the physical assets and the Property and to assess if the business could be sold SBF were instructed to provide an initial assessment on the collectability of the Company's book debt ledger
- 2 11 SW initially intended to market the business opportunity Details of the business opportunity were circulated to all 12,039 parties on SW's database and a targeted e-blast was circulated to 825 road, construction and motorway sector businesses identified by SW SW also circulated the business opportunity to 62 members of the Road Safety Markings Association and the business opportunity was uploaded to SW's website
- 2 12 The Joint Administrators also circulated the business opportunity to all Partners within Cowgill Holloway LLP ("CH"), to ascertain whether any of CH's audit clients may be interested in the opportunity The business opportunity was also uploaded onto the CHBR website
- 2 13 The marketing activities generated interest from 16 independent third parties SW issued Non-disclosure agreements ("NDA") to these parties, 10 of which signed and returned the NDA and subsequently received the detailed sales memorandum, which was prepared by CH
- 2 14 Following a review of the sales memorandum interest in the business opportunity was withdrawn by nine of the parties and one offer for the business and assets was received

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- 2 15 The directors, had obtained new investment and via a newly incorporated Company, also declared an interest in the business and assets of the Company and on 17 March 2016 an initial offer for the business and assets in the sum of £60,000 was received from A1 Streamline Road Markings Ltd ("A1")
- 2 16 SW entered into negotiations with both parties Following negotiations between SW and A1, a revised offer in the sum of £70,000 was received from A1 for the business and assets excluding the Property The revised offer included the transfer of all employees under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") and incorporating payment of the wages of the employees for the period from 14 March 2016 until the date of the sale of the business and assets Consequently the Joint Administrators would only be responsible for the period 9 – 13 March 2016
- 2 17 SW advised that the revised offer was greater than what would be realised if SW were instructed to secure, uplift, transport and sell the Company's assets at auction
- 2 18 The offer required a three month licence to occupy for the premises at a cost of £2,500 plus VAT per month SW advised that having a tenant in the Property during marketing would make the Property more appealing to a property investor thereby enhancing realisations for the benefit of creditors
- 2 19 On 23 March 2016, A1 completed the purchase of the business and assets of the Company, (excluding the Property and debtors) but including a transfer of the Company's 24 employees for the sum of £70,000
- 2 20 In accordance with Statement of Insolvency Practice 13, we would advise you that the following assets were sold to A1

| Date of transaction | Assets involved & nature of transaction   | Consideration paid & date   | Sold to                                | Relationship  |
|---------------------|---|---|--|---|
| 23 March 2016       | Sale of the Goodwill, Customer Contracts, Customer Database, the Company's Records and Business Intellectual Property, Fixtures and Fittings, Plant & Machinery, Vehicles and Stock | Total consideration of £70,000 £35,000 paid on the date of completion – 23 March 2016 £5,000 to be paid by the first Monday of each month for seven months starting on 4 April 2016 | A1 Streamline Road Markings Ltd ("A1") | Clare and Ronald Houghton directors and shareholders of the Company are also directors and shareholders of A1 |

## AAA A1 STREAMLINE ROAD MARKINGS LIMITED - IN ADMINISTRATION

2 21 The apportionment of the sales consideration is as follows

| Asset Category  | £            |
|---|--------------|
| Goodwill, Customer Contracts, Customer Database, the Company's Records and Business Intellectual Property | 1            |
| Fixtures and Fittings   | 2,500        |
| Plant & Machinery   | 7,500        |
| Vehicles  | 50,000       |
| Stock   | 9,999        |
|   | <hr/> 70,000 |

2 22 Personal guarantees have been provided by Clive Chisnall ("CC") and Martin Smith ("MS") who acted as investors and funded the transactions

2 23 The Joint Administrators believe that the Second objective, namely, 'Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration)' will be achieved as the Administration has allowed the Joint Administrators to market the business and assets of the Company and to complete a sale which has resulted in greater realisations for the benefit of creditors

2 24 It is anticipated that payment in full will be made to the preferential creditors of the Company and, in addition a distribution to the unsecured creditors will also be made Further information regarding the distributions to creditors can be found later in this report

2 25 In any event, the Joint Administrators also believe that the third objective of Administration, namely, 'Realising property in order to make a distribution to one or more secured or preferential creditors ' will be achieved via distributions to the fixed charge creditors from fixed charge realisations resulting from the collection of the book debt ledger and the sale of the Property

2 26 Following receipt of the deferred sales consideration and receipt of a statement of claim form from the Redundancy Payments Office, it is the intention of the Joint Administrators to issue a Notice of Intended Dividend to the preferential creditors and to discharge the claims of the preferential creditors in full as soon as possible

**3     Joint Administrators' Receipts and Payments**

- 3 1     A summary of receipts and payments for the Administration period from the date of our appointment to 29 April 2016 is attached at Appendix B

***Receipts***

- 3 2     SBF hold the benefit of a fixed charge over the book debt ledger of the Company which was created on 22 January 2008 and registered on 31 January 2008
- 3 3     On 16 March 2016, following a request by the Joint Administrators, funds in the sum of £2,634 were provided by SBF to enable the payment of the wages of the staff for the period from 9 March 2016 to 13 March 2016
- 3 4     Prior to the Company entering Administration, the directors had sought to dispose of a Mitsubishi Pickup truck which the Company no longer required. However, as a result of the outstanding winding up petition the Company was prevented from selling the vehicle under Section 127 of the Insolvency Act 1986 (as amended)
- 3 5     Following the Joint Administrators' appointment the Director advised that an offer had been received in respect to the pickup truck. The Joint Administrators sought advice from SW to ensure that the offer was at market value and on 13 March 2016, SW completed the sale of the pickup truck by private treaty in the sum of £3,500 plus VAT. These funds will shortly be transferred into the specialist Administration bank account.
- 3 6     As noted above, a sale of the business and assets of the Company, excluding the Property was completed to A1 on 23 March 2016 in the sum of £70,000. On 23 March 2016, the initial sales consideration of £35,000 was received by Brabners. These funds will shortly be transferred into the specialist Administration bank account.
- 3 7     On 6 April 2016, the Joint Administrators received the first deferred consideration payment in the sum of £5,000. Six further monthly payments of £5,000 are due to be paid by the first Monday of each month.

## **AAA A1 STREAMLINE ROAD MARKINGS LIMITED - IN ADMINISTRATION**

- 3 8 As part of the sale of the business and assets, the Company granted A1 a three month Licence to Occupy A1 is required to pay £2,500 plus VAT per month The initial licence fee was paid on 23 March 2016 and these funds are held by Brabners These funds are considered 'fixed charge' and will shortly be transferred into a specialist Administration bank account
- 3 9 The Joint Administrators will distribute these funds to RBS under the terms of their mortgage in due course

### ***Payments***

- 3 10 As noted above, the Joint Administrators utilised the funds received from SBF to discharge the wages of the employees and to pay layoff pay to the staff that had been stood down for the period from 9 March 2016 to 13 March 2016 Amounts in the sum of £1,178 and £1,300 were paid out respectively The Joint Administrators were also required to deduct PAYE and NIC from the amounts paid to the employees and funds in the sum of £176 were paid to HMRC in respect to the same The additional £19 received relates to a pension payment which will be made in due course

## **4 Financial Position**

- 4 1 A Statement of affairs ("SoA") has not yet been received On 10 March 2016, the Joint Administrators issued the directors with formal notice to submit a Statement of Affairs by 21 March 2016 Furthermore, the Joint Administrators have made subsequent requests for the SoA to be submitted
- 4 2 Attached at Appendix C is a summary of the Estimate Financial Position ("EFP") of the Company as at the date of the appointment of the Joint Administrators
- 4 3 We have the following observations to make in relation to the EFP



**Fixed Charge Assets**

***Assigned Book Debts***

- 4 4 SBF were granted the benefit of a fixed charge over the book debts and a floating charge over the remaining assets of the Company which was created on 22 January 2008 and registered 31 January 2008. As at the date of Administration SBF advised that they were owed £128,107 including termination fees of £60,000 plus VAT. SBF, advised that book debts in the sum of £281,807 were due to the Company.
- 4 5 The Joint Administrators have applied a 30% provision to account for bad and disputed debts. It is therefore anticipated that book debts in the sum of £197,265 will be achieved and a surplus of £69,158 will be available for the benefit of the remaining creditors of the Company.

***The Property***

- 4 6 The Company owns the Freehold property at Unit 7 Thompson Road, Whitehills Industrial Estate, Blackpool, FY4 5LW ("the Property"). RBS hold the benefit of a debenture incorporating a mortgage over the Property and a floating charge over the remaining assets of the Company which was created on 27 October 2006 and registered on 28 October 2006.
- 4 7 RBS have advised that £195,000 is outstanding under the terms of the mortgage and that the overdrawn bank account in the sum of approximately £78,000 is also covered by the fixed charge. It is therefore anticipated that RBS are owed £273,000 under the terms of their mortgage.
- 4 8 SW were instructed by the Joint Administrators to value the Property. SW advised that in a forced sale situation the Property would achieve a sale price of £265,000 and therefore RBS would suffer a shortfall of approximately £8,000.

**Floating Charge Assets**

- 4 9 SW were instructed to value the physical assets of the Company on a forced sale basis, had the sale of the business and assets not been completed, and have advised of the following -

## **AAA A1 STREAMLINE ROAD MARKINGS LIMITED - IN ADMINISTRATION**

### ***Plant & Machinery***

- 4 10 The Company owns 13 line painting trucks, a number of which were on hire purchase SW have advised that on a forced sale the trucks would be expected to realise £45,000, however, SW have advised that approximately £7,000 is due to Doosan / Ingersoll Rand who have provided air compressors to the Company which have been incorporated into the line painting trucks SW have advised that the Company was unable to provide details in respect to the hire purchase agreements, and, as such, a value of 'Uncertain' has been utilised for the purposes of the EFP

### ***Motor Vehicles***

- 4 11 The Company owns seven vehicles on hire purchase SW have advised that these vehicles would have a forced sale value of approximately £65,000, however, SW have advised that the Company was unable to provide details in respect to the hire purchase agreements For the purposes of the EFP a value of 'Uncertain' has been utilised for the purposes of the EFP

### ***Stock***

- 4 12 SW have advised that the Company owns a quantity of stock and office furniture and equipment SW have advised that on a forced sales basis £5,000 would be realised from this asset category

### ***Unassigned Book Debts***

- 4.13 The Company has an unassigned debtor ledger with a book value of £15,669, however, a provision of 30% has been applied to the debtors to account for any bad and disputed debts It is therefore anticipated that £10,968 will be realised from this asset category

### ***Directors' Loan Accounts***

- 4 14 According to the financial statements of the Company for the year ended 30 September 2015 directors' loan accounts in the sum of £25,000 were due to the Company, however, the directors dispute that these amounts are due and have advised that they are in fact creditors of the Company This matter will be investigated by the Joint Administrators

**Creditors**

***Preferential Creditors***

- 4 15 The Company had 24 employees, including the two directors. Should a sale of the business to A1 not have been completed, the Company's employees would have been made redundant. For the purposes of the EFP, claims of a preferential nature are estimated at £800 per employee, therefore, £19,200 in respect to outstanding arrears of wages and holiday pay have been included.

***Unsecured Creditors***

- 4 16 The creditor balances have been taken from the Company's books and records.
- 4 17 In addition, employees would be entitled to make claims of a non-preferential nature for pay in lieu of notice and redundancy pay. For purposes of the EFP, claims of a non-preferential nature are estimated at £40,442 based on the employees' ages and length of service.
- 4 18 HM Revenue & Customs have advised that £429,155 is due from the Company in respect to PAYE/NIC and VAT arrears.
- 4 19 As detailed above, the Company granted RBS a floating charge which was created on 27 October 2006 and registered on 28 October 2006. Accordingly, we are required, as per section 176(2)(A) of the Insolvency Act 1986, to create a fund from the Company's net floating charge property for the unsecured creditors known as the 'Prescribed Part'. However, in this case the floating charge liability due to RBS is below the prescribed minimum of £10,000 and the estimated surplus available to unsecured creditors is greater than the prescribed part fund.
- 4 20 Please note that the EFP is prepared excluding any costs and disbursements.

**5 Proposals**

- 5 1 It is proposed that the Joint Administrators will continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that

## AAA A1 STREAMLINE ROAD MARKINGS LIMITED - IN ADMINISTRATION

- 5 2 If, having realised the assets of the Company the Joint Administrators think that a distribution will be made to the unsecured creditors other than by virtue of section 176A(2)(a) as noted above, they propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Joint Administrators to an end and will move the Company automatically into Creditors' Voluntary Liquidation ("CVL") in order that the distribution can be made. In these circumstances, it is proposed that the Joint Administrators in office at the date of conversion to CVL will become the Joint Liquidators in the CVL and the acts of the Joint Liquidators may be undertaken by either or both of them.
- 5 3 Court approval is not required to enable the Joint Administrators to make a distribution to the unsecured creditors from the Prescribed Part. If however, a distribution to unsecured creditors not limited to the Prescribed Part is anticipated, the Joint Administrators may consider making an application to Court to seek permission to distribute this in the Administration. If permission is granted, the Company will exit into dissolution once the distribution has been made and the Administration is concluded.
- 5 4 If the Joint Administrators think that the Company has no property which might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company.
- 5 5 See Section 6 below on **Exit Routes** for further information on the exit routes available from Administration.
- 5 6 The Joint Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they consider desirable or expedient to achieve the statutory purpose of the Administration.
- 5 7 If the Joint Administrators consider it necessary to extend the period of the Administration, they will seek the consent of creditors or the approval of the Court to the extension. Creditors may consent to an extension for a period of up to one year and the Court can order that the Joint Administrators' term of office be extended for a specified period determined by it.

## **AAA A1 STREAMLINE ROAD MARKINGS LIMITED - IN ADMINISTRATION**

- 5 8 The creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of the Joint Administrators' remuneration and disbursements and any proposed act on the part of the Joint Administrators without the need to report back to a further meeting of creditors generally, to include any decision regarding the most appropriate exit route from the Administration
- 5 9 The basis of the Joint Administrators' remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by them
- As a percentage of the value of the assets he has to deal with, or
  - By reference to time properly spent by the Joint Administrators and their staff managing the Administration, or
  - As a set amount
- 5 10 In accordance with Statement of Insolvency Practice 9, issued by the Association of Business Recovery Professionals, the Joint Administrators be authorised to draw Category 2 disbursements as and when funds are available, in accordance with his firm's published tariff Details of Category 2 disbursements charged by the firm can be found at Appendix E.
- 5 11 Where no Creditors' Committee is appointed the remuneration and disbursements of the Joint Administrators shall be fixed by resolution of a meeting of creditors or where the Joint Administrators think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the Prescribed Part), approval will be sought from the secured and (if necessary) the preferential creditors in accordance with R2 106 of the Insolvency Rules 1986 The Joint Administrators will also seek approval for any unpaid pre-administration costs detailed in this report and his discharge from liability in the same manner
- 5 12 In this case, the Joint Administrators are seeking to approve the basis of their remuneration as follows:
- By reference to the time properly spent by the Joint Administrators and their staff in attending to matters arising in the Administration,

## **AAA A1 STREAMLINE ROAD MARKINGS LIMITED - IN ADMINISTRATION**

5 13 Further details about the proposed fee basis can be found in Section 8 below and Appendix E

5 14 Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect

### **6 Exit Routes**

#### **Creditors' Voluntary Liquidation**

6 2 Based on present information, the Joint Administrators think a dividend will be paid to the unsecured creditors other than by virtue of the Prescribed Part. As a result, the Joint Administrators will either make an application to Court to enable them to make a distribution to unsecured creditors in the Administration or they will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation ("CVL") to facilitate this distribution. It is proposed that the Joint Administrators in office at the date of conversion to CVL will become the Joint Liquidators of the CVL.

6 3 It is proposed that the Joint Liquidators will be authorised to act jointly and severally in the subsequent Liquidation.

6 4 Creditors have the right to nominate an alternative liquidator of their choice. To do this, creditors must make their nomination in writing to the Joint Administrators prior to these Proposals being approved. Where this occurs, the Joint Administrators will advise creditors and provide the opportunity to vote. In the absence of a nomination, the Joint Administrators will automatically become the Joint Liquidators of the subsequent CVL.

**Dissolution of the Company**

- 6 5 If it transpires that the Joint Administrators are unable to pay a dividend to the Unsecured Creditors, or as noted above the Joint Administrators apply to court to enable them to make a distribution to the unsecured creditors in the Administration This will be distributed in due course within the Administration and a notice will thereafter be filed at Court and with the Registrar of Companies with the Joint Administrators' final report, for the dissolution of the Company
- 6 6 The same notice will be filed and the Company moved to dissolution if the Joint Administrators think that the Company has no property which might permit a distribution to its unsecured creditors A copy of these documents will be sent to the Company and its creditors
- 6 7 The Joint Administrators' appointment will end following the registration of the notice by the Registrar of Companies

**7 Pre-administration Costs**

- 7 1 Pre-administration costs are defined as
- (i) Fees charged, and
  - (ii) Expenses incurred
- 7 2 By the Joint Administrators, or another person qualified to act as an insolvency practitioner before the Company entered Administration (but with a view to its doing so), and "unpaid pre-administration costs" are pre-administration costs which had not been paid when the Company entered Administration

## AAA A1 STREAMLINE ROAD MARKINGS LIMITED - IN ADMINISTRATION

7.3 Pre-appointment fees charged and expenses incurred by the Joint Administrators are as follows

| Charged by                             | Brief description of services provided   | Total amount charged/£ | Amount paid/£ | Amount unpaid/£ |
|--|--|------------------------|---------------|-----------------|
| Cowgill Holloway Business Recovery LLP | Liaising with the Company, SBF, Brabners and SW regarding the appointment of the Joint Administrators  | 5,584 plus VAT         | Nil           | 5,584 plus VAT  |
| Brabners Solicitors LLP                | Legal fees in respect to the Joint Administrators appointment, drafting and reviewing the documentation and liaising with SBF regarding the appointment of the Joint Administrators, attendance at the Winding Up hearing following the petition presented by HMRC | 3,720 plus VAT         | Nil           | 3,720 plus VAT  |
| Brabners Solicitors LLP                | Counsel's fees and court issuing fee   | 175 plus VAT           | Nil           | 175 plus VAT    |

7.4 The payment of the unpaid pre-administration costs set out above as an expense of the Administration is subject to the approval of creditors, separately to the approval of the Joint Administrators' Proposals. This approval will be the responsibility of the Creditors' Committee if one is appointed or alternatively by resolution of a meeting of creditors where there is no committee.

## 8 Joint Administrators' Remuneration

8.1 As Joint Administrators, under the provisions of R2.106 of the Insolvency Rules 1986, we are required to provide creditors with details of the work we propose to undertake in the Administration and the expenses we consider will be, or are likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which our remuneration will be fixed.

8.2 In addition to this, where the Joint Administrators seek to pass a resolution to agree the basis of their remuneration by reference to time properly spent by them and their staff in attending to matters arising in the Administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.



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- 8.3 In this case, we are seeking to agree that our remuneration be based on the time properly spent by us and our staff in dealing with the affairs of the Company. Our fees estimate and details of the work we propose to undertake can be found at Appendix E. Please note that where appropriate, the fees estimate may be to a particular stage of the case only and if we consider the estimate will be exceeded during the Administration, we are obliged to seek further approval for any increase in our remuneration. The fees estimate provides details of these matters where relevant and appropriate approval to the basis of our remuneration will be sought as outlined in Section 5 of this report.
- 8.4 We will provide updates on the expenses we consider will be, or are likely to be, incurred during this case with our progress reports in due course.
- 8.5 A copy of "A Creditors' Guide to Administrators' Fees" is available on request or can be downloaded from <http://www.cowgills.co.uk/services/business-recovery/creditors-guides-to-fees/>. If you would prefer this to be sent to you in hard copy please contact Charles Everitt of this office on 0161 827 1209.
- 8.6 The Joint Administrators' time costs as at 29 April 2016 are £20,637. This represents 82 hours at an average of £252 per hour. As noted in the Proposals section above, the Joint Administrators are seeking to fix the basis of their remuneration by reference to the time properly spent by the Joint Administrators and their staff in dealing with matters arising in the Administration.
- 8.7 Attached at Appendix D is a Time Analysis which provides details of the activity costs incurred by staff grade to the above date.
- 8.8 Attached at Appendix E is additional information in relation to our firm's policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.
- 8.9 The majority of the Joint Administrators time has been spent as follows -

***Trading***

- 8.10 Time spent on this category, in the sum of £6,005 representing 29 hours at an average of £208 per hour, relates to, but is not limited to liaising with the employees and standing down the manual labourers, discussions with the directors, key management, SW and Brabners regarding the work in progress and reviewing potential strategies for the completion of the WIP, liaising with customers regarding the appointment of the Joint Administrators and discussions regarding the completion of the WIP
- 8.11 As previously advised the Joint Administrators did not trade the Company whilst was in Administration, however, for the purposes of time recording all time spent on site reviewing the possibility of trading has been recorded as such

***Realisations of Assets***

- 8.12 Time spent on this category, in the sum of £5,688 representing 19 hours at an average of £299 per hour, relates to, but is not limited to liaising with SW regarding a marketing strategy for the disposal of the Company's assets and the Property, liaising with interested parties and liaising with SW and Brabners regarding the SPA

***Administration (Including Statutory)***

- 8.13 Time spent on this category, in the sum of £4,149 representing 19 hours at an average of £214 per hour, relates to, but is not limited to preparing and issuing the statutory documentation in relation to the Joint Administrators' appointment, including notifying creditors and HMRC, drafting and reviewing the Joint Administrators' Report and Statement of Proposals

**9 Estimated Outcome**

- 9.1 An Estimated Outcome Statement ("EoS") for the Administration as at 29 April 2016 is attached as Appendix F

**Fixed Charge Assets**

***Assigned Book Debts***

- 9 2 SBF were granted the benefit of a fixed charge over the book debts of the Company which was created on 22 January 2008 and registered 31 January 2008. On 12 April 2016, SBF provided an update in respect to the assigned book debt ledger which indicated that £170,484 was due to the Company. SBF have made a specific provision of £3,628 against one book debt and the Joint Administrators have applied a provision of 25% to account for bad and disputed debts.
- 9 3 SBF have advised that they are holding funds in the sum of £29,849 and collection is ongoing. It is anticipated that termination fees in the sum of £54,000 plus VAT will be applied. Joint Administrators estimate that a surplus of £100,991 will be available and the liability due to SBF will be discharged from fixed charge asset realisations.

***The Property***

- 9 4 The Company owns the Freehold of the Property. RBS hold the benefit of a debenture incorporating a mortgage over the Property and a floating charge over the remaining assets of the Company which was created on 27 October 2006 and registered on 28 October 2006.
- 9 5 RBS have advised that £195,000 is outstanding under the terms of the mortgage and that the overdrawn bank account in the sum of approximately £65,000 is also covered by the fixed charge. It is therefore anticipated that RBS are owed £260,000 under the terms of their mortgage.
- 9 6 SW were instructed by the Joint Administrators to value the Property. SW advised that the Property would achieve a sale price of £330,000. SW have advised that they anticipate the marketing and sale of the Property will take approximately nine months.
- 9 7 As noted in Section 2 of the Report, the Joint Administrators have granted a three month licence to occupy to A1. A monthly licence fee of £2,500 plus VAT will be paid by A1 in respect to this and these funds will be utilised by the Joint Administrators to discharge the monthly interest on the mortgage. On 23 March 2016, the first monthly licence fee payment of £2,500 plus VAT was received by Brabners.

## **AAA A1 STREAMLINE ROAD MARKINGS LIMITED - IN ADMINISTRATION**

9 8 As previously advised SW anticipated that it will take at approximately nine months to dispose of the Property in order to complete a thorough marketing exercise. The Joint Administrators envisage extending the licence to A1 for the full nine month period and therefore anticipate realisations of £22,500 plus in respect to the licence fee.

9 9 The Joint Administrators anticipate a surplus of £77,725 will be available for the unsecured creditors and that the liability due to RBS will be discharged from fixed charge asset realisations.

### **Floating Charge Assets**

#### ***Sale of the Business and Assets***

9 10 As noted in Section 2 of this Report, on 23 March 2016 the Company completed a sale of its business and assets to A1 a newly incorporated entity. The sales consideration was in the sum of £70,000.

9 11 On 23 March 2016, initial sales consideration of £35,000 was received by Brabners. The balance of the sales consideration is deferred and seven monthly payments of £5,000 are to be paid by no later the first Monday of each month. On 4 April 2016, the Joint Administrators received the first deferred consideration payment.

#### **Motor Vehicle**

9 12 On 13 March 2016, SW completed the sale of a pickup truck by private treaty in the sum of £3,500 plus VAT.

### ***Unassigned Book Debts***

9 13 The Company has an unassigned debtor ledger with a book value of £15,669, however, a provision of 25% has been applied to the debtors to account for any bad and disputed debtors. It is therefore anticipated that £11,752 will be realised from this asset category.

### ***Directors' Loan Accounts***

9 14 According to the financial statements of the Company for the year ended 30 September 2015 directors' loan accounts in the sum of £25,000 were due to the Company, however, the directors dispute that these amounts are due and have advised that they are in fact creditors of the Company. This matter will be investigated by the Joint Administrators.

## **AAA A1 STREAMLINE ROAD MARKINGS LIMITED - IN ADMINISTRATION**

### ***Secured Creditors***

- 9 15 As detailed earlier in the report, the Company granted SBF the benefit of a legal charge incorporating a fixed and floating charge over the assets of the Company SBF have confirmed that they currently hold funds in the sum of £29,849 Collections are ongoing and it is anticipated that termination fees in the sum of £54,000 plus VAT will be applied by SFB
- 9 16 It is anticipated that the liability due to SBF will be discharged from fixed charge book debt receipts
- 9 17 As detailed earlier in the report, the Company granted RBS the benefit of a debenture incorporating a mortgage over the Property and a floating charge over the remaining assets of the Company RBS have advised that its fixed charge liability is approximately £260,000 SW have advised that the Property should sell for £330,000 and therefore the liability due to RBS will be discharged in full from fixed charge realisations

### ***Preferential Creditors***

- 9 18 As detailed earlier in this report, the Company had 24 employees who transferred to A1 under TUPE The employees are entitled to make a preferential claim in respect to arrears of wages for the period 29 February 2016 to 8 March 2016 and it is estimated that preferential claims in the sum of £10,414 will be received
- 9 19 Based on present information it is anticipated that all preferential claims will be paid in full. However, the timing of any distribution is dependent on the collection of the deferred sales consideration and the sale of the Property

### ***Unsecured Creditors***

- 9 20 The figures included for all the unsecured trade and expense creditors are not agreed figures and are estimated based upon the Company's books and records as at the date of appointment and claims received from the unsecured creditors
- 9 21 The figure included for the liability due to HMRC in respect to VAT, PAYE/NIC and CT has been taken from HMRC's claim in the failed CVA

## **AAA A1 STREAMLINE ROAD MARKINGS LIMITED - IN ADMINISTRATION**

9 22 We are required, as per section 176(2)(A) of the Insolvency Act 1986, to create a fund from the Company's net floating charge property for the unsecured creditors known as the 'Prescribed Part' However, it is estimated that no claims of a floating charge nature will be received

9 23 At present it is estimated that unsecured creditors will receive a distribution of 33 pence in the pound, however, the timings and quantum of the distribution is based on the collection of the deferred sales consideration and the sale of the Property

### **10 Next Report**

10 1 The Joint Administrators are required to provide a progress report within one month of the end of the first six months of the Administration and we will report to you again at this time

### **11 Meeting of Creditors**

11 1 There are certain matters which require the specific approval of creditors We therefore propose to deal with these by correspondence rather than by calling a meeting of creditors to save costs, under the provisions of Rule 2 48 of the Insolvency Rules 1986 Further details on this procedure are contained in the letter which accompanies this report

For and on behalf of  
AAA A1 Streamline Road Markings Limited



**Craig Johns**  
**Joint Administrator**

Enc

## Statutory Information

1 Company Information

|                                  |  |
|----------------------------------|--|
| Company name                     | AAA A1 Streamline Road Markings Limited                                |
| Trading name(s)                  | AAA A1 Streamline Road Markings Limited                                |
| Registered number                | 02536616   |
| Registered office address        | c/o Regency House, 45 – 53 Chorley New Road, Bolton, BL1 4QR           |
| Former registered office address | Unit 7 Thompson Road Whitehills Business Park Blackpool Lancs FY4 5LW  |
| Trading address(s)               | Unit 7 Thompson Road Whitehills Business Park Blackpool Lancs FY4 5LW  |
| Court details                    | High Court of Justice, Chancery Division, Manchester District Registry |
| Court reference number           | 2257 of 2016   |

2 Details of the Company's Directors, Secretary and Shareholdings

|                          | Date appointed    | Date resigned   | Shares held           |
|--------------------------|-------------------|-----------------|-----------------------|
| <b>Directors</b>         |                   |                 |                       |
| Clare Elizabeth Houghton | 21 September 1996 | Still in Office | 50 Ordinary £1 Shares |
| Frank Houghton           | 4 September 1991  | Still in Office | 50 Ordinary £1 Shares |
| <b>Secretary</b>         |                   |                 |                       |
| Clare Elizabeth Houghton | 21 September 1996 | Still in Office | 50 Ordinary £1 Shares |
| <b>Shareholders</b>      |                   |                 |                       |
| Adam Houghton            |                   |                 | 1 Ordinary £1 A Share |
| Karl Houghton            |                   |                 | 1 Ordinary £1 B Share |
| Owen Houghton            |                   |                 | 1 Ordinary £1 C Share |

**3      Joint Administrators' Details**

|                           |   |
|---------------------------|---|
|                           |   |
| Name of Administrators    | Jason Mark Elliott and Craig Johns  |
| Address                   | Cowgill Holloway Business Recovery LLP, Regency House, 45 – 53<br>Chorley New Road, Bolton, BL1 4QR |
| Telephone Number          | 0161 827 1200   |
| Fax Number                | 0161 827 1211   |
| Administrator's IP Number | 009496 and 013152   |
| Authorising Body          | Insolvency Practitioners Association  |



## Appendix B

# Receipts and Payments Account for the Period from 8 March 2016 to 29 April 2016

|                                     | Statement of Affairs | For the Period From<br>8 March 2016 to 29<br>April 2016 |
|-------------------------------------|----------------------|---|
| INCOME                              | £                    | £   |
| Licence Fee                         | -                    | 2,500   |
| Contribution to Wages               | -                    | 2,634   |
| Goodwill                            | -                    | 1   |
| Fixtures & Fittings                 | -                    | 2,500   |
| Plant & Machinery                   | -                    | 2,499   |
| Motor Vehicles - SPA                | -                    | 35,000  |
| Motor Vehicle - Private Treaty      | -                    | 3,500   |
| Unassigned Book Debts               | -                    | 2,110   |
| VAT Payable                         | -                    | 1,200   |
|                                     | -                    | <u>51,944</u>   |
| <br>EXPENDITURE                     |                      |   |
| Layoff Pay                          |                      | 1,300   |
| Direct Labour                       |                      | 1,178   |
| HMRC Deductions                     |                      | <u>175</u>  |
|                                     |                      | <u>2,653</u>  |
| <br>Balance                         |                      | <u><u>49,291</u></u>                                    |
| <br>MADE UP AS FOLLOWS              |                      |   |
| Held by Brabners                    |                      | 38,000  |
| Held by Sanderson Weatherall LLP    |                      | 4,200   |
| Cash at Bank (Non Interest Bearing) |                      | <u>7,091</u>  |
|                                     |                      | <u><u>49,291</u></u>                                    |

Note 1 - A statement of affairs is yet to be received from the directors

Note 2 - Brabners LLP, are holding £35,000 in respect to the initial sales consideration and £2,500 plus VAT in respect to the first licence fee payment. These funds will be transferred to the specialist Administration bank account in due course.

Note 3 - Sanderson Weatherall LLP, are holding £3,500 plus VAT in respect to the private treaty sale of a motor vehicle. These funds will be transferred to the specialist Administration bank account in due course.

## Summary of the Estimated Financial Position of the Company as at 8 March 2016

|   | Notes | Administration<br>£ |
|---|-------|---------------------|
| <b>Assets Subject to Fixed charge</b>                               |       |                     |
| Debtors   | 1     | 197,265             |
| Less Skipton Business Finance Limited                               | 1     | (128,107)           |
| <b>Estimated Surplus / (Deficiency) c/d</b>                         |       | <b>69,158</b>       |
| <br><b>Freehold Property at Unit 7 Thompson Road</b>                | <br>2 | <br>265,000         |
| Less Royal Bank Scotland Plc  | 2     | (273,000)           |
| <b>Estimated Surplus / (Deficiency) c/d</b>                         |       | <b>(8,000)</b>      |
| <br><b>Assets Subject to Floating Charge</b>                        |       |                     |
| Debtor Surplus b/d  | 1     | 69,158              |
| Directors' Loan Accounts  | 3     | Uncertain           |
| Plant & Machinery   | 4     | Uncertain           |
| Motor Vehicles  | 4     | Uncertain           |
| Stock   | 4     | 5,000               |
| Unassigned Debtors  | 5     | 10,968              |
| <b>Estimated Surplus Available for Preferential Creditors</b>       |       | <b>85,126</b>       |
| <br>Less Estimated Preferential Creditors                           | 6     | (19,200)            |
| <b>Estimated Net Property Surplus / (Deficiency)</b>                |       | <b>65,926</b>       |
| <br>Estimated prescribed part of net property where applicable c/d  | 7     | n/a                 |
| <b>Surplus Available for Floating Charge Creditor</b>               |       | <b>65,926</b>       |
| <br>Less Royal Bank of Scotland Deficiency b/d                      | 2     | (8,000)             |
| <b>Estimated Surplus / (Deficiency) to Floating Charge Creditor</b> |       | <b>57,926</b>       |
| <br><b>Prescribed Part Available for Unsecured Creditors b/d</b>    |       | <br>n/a             |
| <b>Estimated Surplus for Unsecured Creditors</b>                    |       | <b>57,926</b>       |
| <br>Less Unsecured Creditors  |       |                     |
| Trade & Expense creditors   | 8     | (81,063)            |
| Directors' Loan Accounts  | 3     | Uncertain           |
| HM Revenue & Customs (Integrated Claim)                             | 9     | (429,155)           |
| Employees (Redundancy and Pay In Lieu of Notice)                    | 6     | (40,442)            |
| <b>Estimated (Shortfall) to Unsecured Creditors</b>                 |       | <b>(492,734)</b>    |

### Notes

- The Company has an Debtor ledger in the sum of £281,807. A 30% provision has been applied to account for any bad or disputed debtors. Skipton Business Finance Limited ("SBF") hold the benefit of a fixed charge over the debtors which was created on 22 January 2008 and registered on 31 January 2008. SBF have advised that £128,107 was outstanding at the date of appointment.
- The Company owns the Freehold property at Unit 7 Thompson Road, Whitehills Industrial Estate ("the Property"). Sanderson Weatherall LLP ("SW") have valued the Property at £265,000 on a forced sale basis. The Royal Bank of Scotland Plc hold the benefit of a legal charge over the assets of the Company incorporating a fixed charge over the Property and a floating charge over the remaining assets of the Company.
- According to the financial statements for the year ended 30 September 2015 directors' loan accounts in the sum of £25,000 were due to the Company, however, the directors dispute that these amounts are due and have advised that they are in fact creditors of the Company. This matter will be investigated by the Joint Administrators.
- SW have valued the physical assets of the Company on a forced sale basis.
- The Company has an unassigned debtor ledger with a book value of £15,669. However, a provision of 30% has been applied to the debtors to account for any bad and disputed debtors.
- The Company employs 24 employees including the two directors. The employees have preferential claims in respect to arrears of wages in respect to the period 29 February 2016 to 8 March 2016 and holiday pay. The employees are also entitled to unsecured claims in respect to redundancy pay and pay in lieu of notice.
- The Net Property of the Company is in excess of £10,000. However, the liability due to RBS is £8,000 and therefore the surplus available to the unsecured creditors is greater than the prescribed part.
- Based on figures provided by the directors and received from creditors.
- Based on figures provided by HM Revenue & Customs.

## Appendix D

### Time Analysis for the Period from 8 March 2016 to 29 April 2016

|                                      | Partner      | Director    | Senior Manager | Manager     | Senior Administrator | Administrator | Cashier     | Total Hours  | Total Cost £     | Average Cost £ |
|--------------------------------------|--------------|-------------|----------------|-------------|----------------------|---------------|-------------|--------------|------------------|----------------|
| Administration (Including Statutory) | 5 00         | -           | 1 50           | -           | 5 50                 | 2 70          | 4 70        | 19 40        | 4,149 00         | 213 87         |
| Creditor (Claims & Distribution)     | -            | -           | -              | -           | 2 50                 | 3 50          | -           | 6 00         | 870 00           | 145 00         |
| Investigations                       | -            | -           | 0 70           | -           | -                    | -             | -           | 0 70         | 175 00           | 250 00         |
| Realisation of Assets                | 10 50        | -           | 4 00           | -           | 3 50                 | 1 00          | -           | 19 00        | 5,687 50         | 299 34         |
| Trading                              | -            | -           | 11 90          | -           | 16 00                | 1 00          | -           | 28 90        | 6,005 00         | 207 79         |
| Case Specific Matters                | 8 00         | -           | -              | -           | -                    | -             | -           | 8 00         | 3,750 00         | 468 75         |
| <b>TOTAL</b>                         | <b>23 50</b> | <b>0 00</b> | <b>18 10</b>   | <b>0 00</b> | <b>27 50</b>         | <b>8 20</b>   | <b>4 70</b> | <b>82 00</b> | <b>20,636 50</b> | <b>251 66</b>  |

## Appendix E

### Additional Information in Relation to Joint Administrators' Fees

#### 1 Fee Basis

- 1 1 The Joint Administrators are seeking to agree the basis of their remuneration in this case as time properly spent by the Joint Administrators and their staff in dealing with the affairs of the Company. Attached to this appendix are details of the work the Joint Administrators propose to undertake and the expenses the Joint Administrators consider will be, or are likely to be, incurred. Information about the work done to date can be found in the body of the Joint Administrators' Report and Statement of Proposals at Section 2.
- 1 2 Where a time cost basis is being sought, the Joint Administrators' fees estimate will be included in this information, which also provides details of the rates the Joint Administrators and their staff propose to charge for each part of that work and the time they anticipate each part of that work will take.
- 1 3 The fees estimate is based on information about the Company's affairs available to the Joint Administrators at the present time. Should any matters arise which impact on this estimate, such as additional investigatory matters or potential realisable assets, further time or cost will be incurred and it may be necessary to revise the Joint Administrators' estimate of fees.
- 1 4 In this case, we do not anticipate that it will be necessary to seek further approval to increase the level of the fees estimate if the time incurred is in excess of the fees estimate enclosed with this report.
- 1 5 Below is a summary of the work that we anticipate will be required in this matter -

#### Administration (Including Statutory Compliance and Reporting)

Time spent in this matter includes but is not limited to -

- Preparing and circulating the Joint Administrators statutory appointment documentation and other associated formalities including statutory advertising and filing relevant statutory notices at Companies House

## **AAA A1 STREAMLINE ROAD MARKINGS LIMITED - IN ADMINISTRATION**

- Creation and update of case files on the firm's insolvency software,
- Pension regulatory reporting and auto-enrolment cancellation,
- Securing the Company's books and records,
- Completion and filing of the notice of the Company's insolvency to HMRC,
- Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter),
- Opening, maintaining and managing the Administration estate cashbook and bank account(s),
- Preparing and circulating the Joint Administrators Report and Statement of Proposals to the secured creditors, preferential creditors, unsecured creditors and court
- Preparing and circulating notice of Notice of Deemed Approval to the secured creditors, preferential creditors, unsecured creditors, court and Registrar of Companies
- Preparing and circulating the Joint Administrators First Progress Report, within two months of the six month anniversary to the secured creditor, unsecured creditors, court and Registrar of Companies
- Preparing and circulating the Joint Administrators Final Report prior to the anniversary of the Administration to the secured creditor, unsecured creditors, court and Registrar of Companies
- Filing notice of automatic move to Creditors Voluntary Liquidation following the circulation of the Joint Administrators Final Report
- Submission of the necessary returns to HM Revenue & Customs in respect to VAT and Corporation Tax

### **Realisations of Assets**

Time spent in this matter includes but is not limited to -

- Liaising with SW regarding their valuation of the Company's physical assets and a strategy for the disposal of the Company's tangible assets
- Liaising with AUA Insolvency Risk Services Limited and ensuring that sufficient insurance is held by the Joint Administrators

## **AAA A1 STREAMLINE ROAD MARKINGS LIMITED - IN ADMINISTRATION**

- Liaising with SW regarding the offers for the Company's business and assets
- Liaising with other interested and potential purchasers
- Liaising with SW and A1 regarding the revised offer for the Company's business and assets
- Liaising with SBF and RBS regarding acceptance of the offer from A1 and seeking their agreement to the sale
- Liaising with Brabners regarding the drafting of the Sale and Purchase Agreement
- Liaising with Brabners and A1 regarding the preparation and completion of the Sale and Purchase Agreement
- Liaising with SW, A1 and Brabners regarding the payment of the initial consideration and deferred consideration
- Liaising with A1 regarding the payment of the deferred consideration
- Liaising with A1 regarding the payment of the Licence Fee
- Reviewing the Company's book debt ledger and writing to all debtors regarding the outstanding amounts
- Reviewing the Directors' Loan Account position and liaising with the directors and Company accountant
- Liaising with SW regarding the sale of the Mitsubishi pickup truck
- Liaising with SW regarding the release of funds following the sale of the pickup truck
- Liaising with SW regarding the completion of an EPC certificate for the Property
- Liaising with SW regarding parties interested in purchasing the Property
- Liaising with Brabners regarding the drafting, completion and submission of the paperwork required to complete the sale of the Property

### **Creditors (Claims & Distributions)**

Time spent in this matter includes but is not limited to -

## **AAA A1 STREAMLINE ROAD MARKINGS LIMITED - IN ADMINISTRATION**

- Seeking confirmation from SBF and RBS regarding details of the liabilities due from the Company
- Liaising with the secured creditors to ensure the Joint Administrators have received copies of the security documents and liaising with Brabners to ensure that the security is valid
- Liaising with preferential creditors of the Company and dealing with queries raised by the preferential creditors
- Liaising with the Redundancy Payments Office in respect to the preferential claim of the former employees of the Company
- Circulating notice of intended dividend to the preferential creditors, agreement of the preferential claims and distribution of a first and final dividend to the preferential creditors of the Company
- Liaising with the unsecured creditors of the Company and dealing with queries raised by creditors following the insolvency appointment and general correspondence regarding requests for information throughout the life of the case

### **Investigations**

Time spent in this matter includes but is not limited to -

- Reviewing the Company's books and records including the bank statements for the two years prior to the date of Administration
- We are required to conduct investigations into the conduct of the Directors of the Company and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2 (Investigations by Office Holders in Administrations and Insolvent Liquidations) Preparing and submitting a report on the conduct of the directors and the affairs of the Company to the Department of Business, Innovation and Skills as required by the Company Directors Disqualification Act 1986
- Time can also be spent identifying transactions that require further action and may result in a recovery into the case and liaising with solicitors in this matter for advice where appropriate

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- This work may not necessarily lead to any financial benefit to creditors yet is work we are required to undertake by statute
- If however, our initial investigations reveal that further recoveries may be available for the insolvent estate, all work undertaken to pursue these recoveries will be estimated within this time category
- At this stage, we do not foresee any substantial investigation work will be required but if following the conclusion of our initial investigations we consider that further investigation work is then required to pursue assets of the Company, we will provide creditors with an update on our fees estimate in due course

### **Trading**

Please note that the Joint Administrators did not trade the Company whilst it was in Administration, however, the Joint Administrators and their staff spent time on site reviewing the possibility of trading the Company. Where time was spent undertaking this assessment, time has been recorded as Trading

- Attendance at the Company's trading premises
- Reviewing the work in progress with the Company's directors and key management and identifying contracts that have value
- Reviewing the work in progress and liaising with Brabners and AUA regarding whether the Joint Administrators are able to complete any of the works
- Liaising with customers in respect to completion of the work in progress
- Liaising with the Company's payroll adviser regarding the payment of the wages prior to the sale of the business and assets

### **Case Specific Matters**

- Providing reports to RBS in respect to the proposed strategy of the Administration



## Joint Administrators' Fees Estimate

|   | Partner | Director | Senior Manager | Manager | Senior Administrator | Administrator | Junior Administrator | Cashier | Total hours | Total Cost £ | Average Cost £ |        |
|---|---------|----------|----------------|---------|----------------------|---------------|----------------------|---------|-------------|--------------|----------------|--------|
| Administration (inc statutory compliance & reporting) | 10 00   | -        | 20 00          | -       | -                    | 40 00         | 5 00                 | -       | 10 00       | 85 00        | 17,900 00      | 210 59 |
| Realisation of assets                                 | 10 00   | -        | 20 00          | -       | -                    | 40 00         | -                    | -       | -           | 70 00        | 15,950 00      | 227 86 |
| Creditors (claims & distributions)                    | 7 50    | -        | 15 00          | -       | -                    | 30 00         | -                    | -       | 7 50        | 60 00        | 12,862 50      | 214 38 |
| Investigations  | 3 00    | -        | 6 00           | -       | -                    | 12 00         | -                    | -       | -           | 21 00        | 4,785 00       | 227 86 |
| Trading (where applicable)                            | -       | -        | 11 90          | -       | -                    | 16 00         | 1 00                 | -       | -           | 28 90        | 6,005 00       | 207 79 |
| Case specific matters (where applicable)              | 10 00   | -        | 2 00           | -       | -                    | 3 00          | -                    | -       | -           | 15 00        | 4,790 00       | 319 33 |
| Total Hours   | 40 50   | -        | 74 90          | -       | -                    | 141 00        | 6 00                 | -       | 17 50       | 279 90       | 62,292 50      | 222 55 |
| Current Chargeout Rates                               | 375 00  | 300 00   | 250 00         | 250 00  | 250 00               | 180 00        | 150 00               | 100 00  | 120 00      |              |                |        |

## 2 Expenses

- 2.1 Below is a table which outlines the expenses that we consider at this stage will be, or are likely to be, incurred in dealing with the Company's affairs. We will provide an update to creditors in our future progress reports.

| Expense  | Provider  | Basis of fee arrangement  | Cost to date £                   |
|--|---|---|----------------------------------|
| Payroll Assistance   | K O Business Services (NW) Limited                    | Hourly rate plus disbursements                                      | 46                               |
| Agent's costs in dealing with the chattel asset sales          | Sanderson Weatherall LLP                              | Hourly rate plus disbursements                                      | 7,000 plus VAT                   |
| Agent's costs in dealing with property                         | Sanderson Weatherall LLP                              | Fixed fee of 1.75% of the property sale price plus disbursements    | 5,775 plus VAT                   |
| Joint Administrators' bond                                     | AUA Insolvency Risk Services Limited                  | Fixed fee based on the value of assets in the Administration estate | 660                              |
| Insurance of Physical Assets                                   | AUA Insolvency Risk Services Limited                  | Risk based insurance premium  | 250 plus Insurance Premium Tax   |
| Property Insurance   | AUA Insolvency Risk Services Limited                  | Risk based insurance premium  | 1,500 plus Insurance Premium Tax |
| Statutory advertising  | Courts Advertising Limited                            | Fixed fee per advertisement   | 255 plus VAT                     |
| Document storage   | Restore Plc   | Fixed fee per box per month plus fixed fee per box for destruction  | 50 plus VAT                      |
| Solicitor's costs in dealing with the asset purchase agreement | Brabners LLP  | Hourly rate plus disbursements                                      | 5,000 plus VAT                   |
| Solicitor's costs in dealing with the sale of the property     | Brabners LLP  | Hourly rate plus disbursements                                      | 3,000 plus VAT                   |
| Staff related travel expenses                                  | Direct cost of the Joint Administrators & their staff | Disbursements   | 1,000 plus VAT                   |

## 3 Staff Allocation and the Use of Sub-Contractors

- 3.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 3.2 The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the

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assignment Where the basis of the Joint Administrators' remuneration is being proposed on a time cost basis, details of our current charge-out rates can be found below

3 3 On this case we are not proposing to utilise the services of any sub-contractors

### 4 Joint Administrators' Disbursements

4 1 Category 1 disbursements do not require approval by creditors The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case Any Category 1 disbursements we anticipate being incurred in this case are included in the table of expenses above

4 2 Category 2 disbursements do require approval from creditors These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage

4 3 We would advise that the following Category 2 disbursements are currently charged by this firm

| Category 2 Disbursement             | Provider             | Cost to date : |
|-------------------------------------|----------------------|----------------|
| Preparation of the Sales Memorandum | Cowgill Holloway LLP | 1,500 plus VAT |

4 4 Separate approval will be sought for the authorisation of this firm's Category 2 disbursements from creditors

**5      Charge-out Rates**

- 5.1      A schedule of Cowgill Holloway Business Recovery LLP's charge-out rates for this assignment effective from 1 March 2012 is detailed below. Please note this firm records its time in minimum units of 6 minutes.

| Staff Grade          | Rate per Hour |
|----------------------|---------------|
| Partner              | £375          |
| Consultant           | £300          |
| Director             | £300          |
| Manager              | £250          |
| Senior Administrator | £180          |
| Administrator        | £150          |
| Cashier/Support      | £120          |
| Junior Administrator | £100          |

## Appendix F

## Estimated Outcome Statement as at 29 April 2016

|   | Notes | Administration, £ |
|---|-------|-------------------|
| <b>Assets Subject to Fixed Charge</b>                               |       |                   |
| Book Debts  | 1     | 154,991           |
| Less Skipton Business Finance Ltd                                   | 2     | (54,000)          |
| <b>Surplus c/d</b>  |       | <b>100,991</b>    |
| <b>Freehold Property</b>  | 3     | 330,000           |
| Licence Fee   | 4     | 22,500            |
| Less Royal Bank of Scotland Plc (Mortgage)                          | 5     | (195,000)         |
| Less Royal Bank of Scotland Plc (Overdraft)                         | 5     | (65,000)          |
| Less Fixed Charge Costs   | 6     | (14,775)          |
| <b>Surplus c/d</b>  |       | <b>77,725</b>     |
| <b>Assets Subject to Floating Charge</b>                            |       |                   |
| Book Debt Surplus b/d   |       | 100,991           |
| Freehold Property Surplus b/d                                       |       | 77,725            |
| Motor Vehicles - SPA  | 7     | 50,000            |
| Stock/WIP   | 7     | 9,999             |
| Goodwill  | 7     | 1                 |
| Plant & Machinery   | 7     | 7,500             |
| Fixtures & Fittings   | 7     | 2,500             |
| Motor Vehicle - Private Treaty                                      | 8     | 3,500             |
| Unassigned Book Debts   | 9     | 11,752            |
| Directors' Loan Accounts  | 10    | Uncertain         |
|   |       | <b>263,968</b>    |
| Less Costs of Administration  | 11    | (86,289)          |
| <b>Estimated funds available for Preferential Creditors</b>         |       | <b>177,679</b>    |
| Less Estimated Preferential Creditors                               | 12    | (10,414)          |
| <b>Estimated Surplus / (Deficiency) to floating charge creditor</b> |       | <b>167,265</b>    |
| Less Estimated prescribed part of net property where applicable     | 13    | N/A               |
| <b>Surplus Available for Floating Charge Creditor</b>               |       | <b>167,265</b>    |
| Less Floating Charge Creditors                                      | 13    | Nil               |
| <b>Estimated Surplus / (Deficiency) to Floating Charge Creditor</b> |       | <b>167,265</b>    |
| Add Prescribed Part Fund  | 13    | N/A               |
| <b>Available to Unsecured Creditors</b>                             |       | <b>167,265</b>    |
| <b>Less Unsecured Creditors</b>                                     |       |                   |
| Trade & Expense creditors   | 14    | (81,063)          |
| Directors' Loan Accounts  | 10    | Uncertain         |
| HM Revenue & Customs (Integrated Claim)                             | 15    | (429,155)         |
| <b>Total</b>  |       | <b>(510,218)</b>  |
| <b>Estimated (Shortfall) to Creditors</b>                           |       | <b>(342,953)</b>  |
| <b>£</b>  |       |                   |
| Estimated dividend to Unsecured Creditors                           |       | 0.33              |

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### Notes

- 1 Skipton Business Finance Limited ("SBF") have advised that they are holding £29,849 in respect to debtor receipts. SBF have also advised that debtors in the sum of £170,484 remain outstanding. A specific provision of £3,628 has been applied to one book debt and a general provision of 25% has been applied to the remaining book debt balance to account for any further bad and disputed debts.
- 2 SBF have advised that its principle liability has been discharged in full subject to the final deduction of termination fees in the sum of £54,000 once realisations permit.
- 3 Sanderson Weatherhall ("SW") have conducted a valuation of the property. SW have advised that the property should be marketed at £450,000, however, SW believe that the property will realistically achieve a sale at approximately £330,000 which has been used for this EOS.
- 4 A monthly licence fee of £2,500 plus VAT has been agreed under a Licence to Occupy. SW have advised that a marketing period of nine months is expected to generate sufficient interest to complete a sale and, as such, the Licence Fee has been included for nine months.
- 5 Liabilities outstanding to RBS as at the date of Administration.
- 6 See the estimate below.
- 7 On 23 March 2016 the Joint Administrators completed a sale of the business and assets to A1 Streamline Road Markings Ltd. The apportionment is based upon the figures used in the Sale and Purchase Agreement.
- 8 On 14 March 2016, SW completed a private treaty sale of a Mitsubishi pickup truck in the sum of £3,500 plus VAT.
- 9 According to the books and records of the Company, unassigned book debts in the sum of £13,559 are outstanding. A general provision of 25% has been applied to account for any bad and disputed book debts.
- 10 According to the financial statements for the year ended 30 September 2015 directors' loan accounts in the sum of £25,000 were due to the Company, however, the directors dispute that these amounts are due and have advised that they are in fact creditors of the Company. This matter will be investigated by the Joint Administrators.
- 11 See the estimate below.
- 12 The Company employs 24 employees including the two directors. The employees have preferential claims in respect to arrears of wages in respect to the period 29 February 2016 to 8 March 2016.
- 13 There is no necessity to set aside a prescribed part as it is not anticipated that a floating charge distribution will be made.
- 14 Taken from the Company books and records and claims provided by the unsecured creditors.
- 15 Based on the claim provided by HM Revenue & Customs.

| Fixed Charge Property Costs            |                 |
|--|-----------------|
| Cowgill Holloway Business Recovery LLP | (5,000)         |
| Insurance                              | (1,000)         |
| Sanderson Weatherhall                  | (5,775)         |
| Brabners                               | (3,000)         |
|  | <u>(14,775)</u> |

| Costs of Administration                            |                 |
|--|-----------------|
| Pre Appointment Costs                              |                 |
| - Cowgill Holloway Business Recovery LLP           | (5,584)         |
| - Brabners LLP                                     | (3,895)         |
|  | <u>(9,479)</u>  |
| CHBR Fees (Est )                                   | (60,000)        |
| Brabners Fees (Est )                               | (5,000)         |
| Sanderson Weatherhall Fees (Est )                  | (7,000)         |
| Disbursements (Est )                               | (1,000)         |
| Insurance (Est )                                   | (500)           |
| Wages for period immediately following appointment | (2,810)         |
| Rates for period of occupation (Est )              | (250)           |
| Utilities for period of occupation (Est )          | (250)           |
|  | <u>(86,289)</u> |