

The Insolvency Act 1986

Joint Administrators' progress report

Name of Company AAA A1 Streamline Road Markings Limited	Company number 02536616
In the High Court of Justice, Chancery Division, Manchester District Registry	Court case number 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

Joint Administrators of the above Company attach a progress report for the period

from

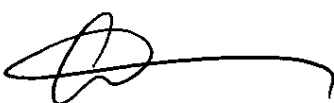
to

(b) 8 March 2016

(b) 7 September 2016

(b) Insert dates

Signed


Craig Johns - Joint Administrator

Dated 7 October 2016

Contact Details

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Joint Administrators' Progress Report

AAA A1 Streamline Road Markings Limited - In Administration

6 October 2016



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- A Receipts and Payments Account for the Period from 30 April 2016 to 7 September 2016 and a Cumulative Receipts and Payments Account for Period from 8 March 2016 to 7 September 2016
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The Joint Administrators' Progress Report

1 Introduction

- 1 1 I was appointed as Joint Administrator of the Company, along with my colleague Jason Mark Elliott on 8 March 2016. The appointment was made by Skipton Business Finance Limited ("SBF"), the holders of a qualifying floating charge.
- 1 2 This Administration is being handled by Cowgill Holloway Business Recovery LLP ("CHBR") at Regency House, 45-53 Chorley New Road, Bolton, BL1 4QR. The Administration is registered in the High Court of Justice, Chancery Division, Manchester District Registry, reference number 2257 of 2016.
- 1 3 The trading address of the Company was Unit 7 Thompson Road, Whitehills Business Park, Blackpool, FY4 5LW ("the Property"). The business trades under the name AAA A1 Streamline Road Markings Limited.
- 1 4 The registered office of the Company is c/o Cowgill Holloway Business Recovery LLP, Regency House, 45 – 53 Chorley New Road, Bolton, BL1 4QR and its registered number 02536616.
- 1 5 As Joint Administrators, we are required to provide a Progress Report covering the period of six months commencing from the date the Company entered Administration and every subsequent period of six months. This Progress Report covers the period from 30 April 2016 to 7 September 2016 ("the Period") and should be read in conjunction with our earlier Report and Statement of Proposals ("Proposals") which were circulated to all known creditors on 29 April 2016.

2 Progress of the Administration

- 2 1 This section of the report provides creditors with an update on the progress made in the Period, both in terms of the achievement of the statutory objective, but also work which is required of the Joint Administrators under other related legislation.
- 2 2 At Appendix A is our Receipts and Payments account covering the Period and a cumulative Receipts and Payments account covering the period from the date of appointment to 7 September 2016.

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2 3 Attached at Appendix B is a time analysis outlining the time spent by the Joint Administrators and their staff during the Period, together with a cumulative time analysis covering the period since our appointment to 7 September 2016 at Appendix C

2 4 Further information about the basis of remuneration agreed in this case and the Joint Administrators' fees estimate can be found in Section 4 of this report, together with any relevant information about revisions to our initial estimate, where applicable

Administration (including statutory compliance & reporting)

2 5 As noted above, the Joint Administrators must comply with certain statutory obligations under The Insolvency Act 1986 and other related legislation. Details about the work that we anticipated would need to be done in this area was outlined in our initial fees estimate/information

2 6 Where the costs of statutory compliance work or reporting to creditors exceeds the initial estimate, it will usually be because the duration of the case has taken longer than anticipated, possibly due to protracted asset realisations, which have in turn placed a further statutory reporting requirement on the Joint Administrators

2 7 As noted in our initial fees estimate/information, this work will not necessarily bring any financial benefit to creditors, but is required on every case by statute

Trading

2 8 As advised in the Proposals, following the Joint Administrators appointment, steps were taken to immediately assess whether it would be feasible for the Joint Administrators to continue trading the business whilst a buyer for all or part of the Company's business was sought. Appropriate trading forecasts were prepared and we liaised with suppliers and customers to determine whether support for continued trading in the short-term could be secured as well as establishing whether sufficient funding was available to facilitate this

2 9 The Joint Administrators instructed Brabners Solicitors LLP ("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 trading the Company and Brabners had seen nothing to suggest that insolvency changed the validity of the accreditations

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- 2 10 During this period, the Joint Administrators and their staff dealt with retention of title claims as submitted by creditors, dealt with any necessary health and safety inspections and obtained necessary insurance cover on the Company's assets via our brokers, AUA Insolvency Risk Services Limited
- 2 11 The Joint Administrators and their staff also managed employee issues and where necessary, commenced a consultation process with all employees with reference to their continued employment and potential sale of the business. The majority of the staff were stood down pending confirmation that the Joint Administrators could trade the business
- 2 12 Following confirmation from Brabners and the insurers the Joint Administrators entered into correspondence regarding completion of the work in progress ("WIP"), as it had been concluded that it would be feasible to continue to trade for a short period of time, whilst various options in relation to the marketing and sale of the business was explored
- 2 13 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 enquiries with the contractors, the required confirmation and guarantees regarding payment were not received and, as such, no WIP was completed by the Joint Administrators due to the risk that payment would not have been received
- 2 14 It should be noted despite the above, that the business did not trade after the appointment of the Joint Administrators, however, for the purposes of the Receipts and Payments Account attached at Appendix A, the costs associated with retaining the employees, the Property and reviewing the possibility of trading have been categorised as such

Realisation of Assets

Sale of the Business and Assets

- 2 15 As advised in the Proposals, following the Joint Administrators' appointment, a short period of marketing was undertaken by Sanderson Wetherall LLP ("SW"), independent valuation agents
- 2 16 A sale of the Company's business and assets excluding the Property and book debts was completed to A1 Streamline Road Markings Ltd ("A1") on 23 March 2016 in the sum of £70,000. The sale included the transfer of all 24 employees under Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE")

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- 2 17 Further details regarding the marketing undertaken in respect to the business opportunity and details of the offers received are detailed in the Proposals

Connected Party Transactions

- 2 18 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 19 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 with £35,000 paid on the date of completion (23 March 2016) and £5,000 to be paid by the first Monday of each month for seven months starting on 4 April 2016 and ending 3 October 2016	A1 Streamline Road Markings Ltd ("A1")	Clare and Ronald Houghton directors and shareholders of the Company are also directors and shareholders of A1

- 2 20 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
	70,000

- 2 21 As noted above the sale incorporated an element of deferred consideration with seven monthly payments of £5,000 to be paid by the first Monday of each month from April through to October 2016

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- 2 22 To date, the Joint Administrators have received the initial consideration in the sum of £35,000 and four deferred consideration payments in the sum of £20,000
- 2 23 Outside of the reporting period the sum of £5,000 has been received in respect to the deferred consideration for October 2016
- 2 24 As such, A1 is currently two months in arrears in respect to the deferred consideration. The Joint Administrators are currently liaising with A1 and their accountants in respect to the arrears of deferred consideration and anticipate that these payments will be brought up to date shortly

Licence Fee

- 2 25 As part of the sale of the business and assets to A1, the Joint Administrators granted A1 a licence to occupy the Property on a three month basis for a fee of £2,500 plus VAT per month until 22 June 2016. During the three month period of the licence to occupy the sum of £7,500 plus VAT was received
- 2 26 On 26 May 2016, an offer from Crumptsy Properties Limited ("Crumptsy") was accepted and contracts exchanged with a completion date set for 1 July 2016. Prior to the sale of the Property detailed below, the Joint Administrators allowed A1 to continue to occupy the Property beyond the period of the licence to occupy for the period from 23 June 2016 to 1 July 2016 and a further licence fee in the sum of £659 plus VAT for this period was received from A1
- 2 27 Total realisations in respect to the licence fee were in the sum of £8,159 and no further realisations are anticipated

Property

- 2 28 The Company owns the Property which is subject to a mortgage in favour of RBS which contains a fixed and a floating charge which was created on 27 October 2006 and registered on 28 October 2006. The Company's bank accounts were also covered by the security in favour of RBS
- 2 29 As at the date of appointment, RBS advised that £195,000 was outstanding under the terms of the mortgage and that the bank account was overdrawn in the sum of approximately £78,000

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- 2 30 Following our appointment, RBS advised that the total liability due to them including the mortgage and overdrawn bank accounts was in the sum of £259,265
- 2 31 Following appointment, the Joint Administrators instructed SW to market and sell the Property SW advised that the Property would achieve a sale price of £330,000 and advised that they anticipated the marketing and sale of the Property to take nine months
- 2 32 The initial marketing campaign undertaken by SW produced three offers ranging from £300,000 to £350,000 SW had also been notified by A1 that it intended to make an offer for the Property
- 2 33 On 17 May 2016, SW notified the four interested parties that best and final offers were to be received by 25 May 2016 Two unconditional cash offers in the sum of £280,000 and £350,000 were received and a conditional offer in the sum of £380,000 was received from A1, on the basis of it being granted a mortgage to fund the purchase
- 2 34 The Joint Administrators held a meeting with RBS and SW to discuss the three offers and it was agreed, following advice from SW, that given the anticipated timescales and risks associated with the conditional offer, the Joint Administrators did not want to risk losing the two unconditional offers It was therefore agreed to proceed with the highest unconditional offer
- 2 35 On 26 May 2016, an increased offer from Crumptsy in the sum of £355,000 was accepted and contracts exchanged with a completion date set for 1 July 2016 An initial 10% deposit in the sum of £35,500 was received by Brabners
- 2 36 On 1 July 2016, the sale of the Property completed and the balance of the sale price in the sum of £319,500 was received by Brabners
- 2 37 Brabners discharged the liability in full due to RBS and the balance of funds were received into the Administration estate on 12 July 2016

Encumbered Book Debts

- 2 38 The Company operated an invoice discounting facility with SBF. 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 on 31 January 2008. As at the date of Administration, SBF advised that they were owed £128,107 and anticipated termination fees of approximately £60,000 plus VAT. SBF, advised that book debts in the sum of £281,807 were due to the Company.
- 2 39 SBF have advised that book debts in the sum of £309,244 have been collected. On 10 May 2016, SBF advised that of these receipts £187,135 had been retained by SBF to discharge its outstanding liability in the sum of £133,756, SBF retained a deposit in the sum of £6,647 and termination charges in the sum of £38,918 plus VAT were applied to the account. SBF confirmed that the liability due to SBF has been discharged in full.
- 2 40 On 30 September 2016, SBF advised that the book debt ledger had been exhausted and that no further funds would be realised. SBF transferred the balance in the sum of £122,109 to the Joint Administrators, however, as these funds were received outside of the Period they are not shown in the Receipts and Payments account shown at Appendix A.

Unencumbered Book Debts

- 2 41 According to an initial review of the books and records of the Company, eight unencumbered book debts in the sum of £15,669 remained outstanding, however, upon further review it became apparent that this amount was in fact higher. The Joint Administrators wrote to all debtors following their appointment and engaged the services of Mr & Mrs R Houghton to assist in the collection of these debtors.
- 2 42 During the period, unencumbered book debts in the sum of £15,971 have been received. According to the records of the Company five unencumbered book debts in the sum of £6,957 remain outstanding.
- 2 43 A further update will be provided in the next progress report.

Private Treaty Vehicle

- 2 44 Prior to the appointment of the Joint Administrators, the Company had been in the process of selling a motor vehicle by way of private treaty and had received an offer in the sum of

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£3,500 plus VAT Following the Joint Administrators appointment, SW, were instructed to review the offer SW advised that the offer was in excess of what would likely be achieved if the vehicle was uplifted and sold at auction and on 14 March 2016 a sale of the vehicle was completed in the sum of £3,500 plus VAT

- 2 45 No further realisations are anticipated from this source

Private Treaty Number Plate

- 2 46 The Company owned two private registration plates SW, arranged for these to be sold at auction and on 9 August 2016 funds in the sum of £3,350 were realised

- 2 47 No further realisations are anticipated from this source

Refund of Training Fees

- 2 48 Prior to the appointment of Joint Administrators, the Company had arranged for and paid for members of staff to attend training courses The Joint Administrators liaised with the training provider and a refund of training fees in the sum of £2,160 was received

- 2 49 No further realisations are anticipated from this source

Unrealised Assets

Deferred Consideration

- 2 50 As detailed above, the sale to A1 included an element of deferred consideration As at the date of this report, A1 is currently three months in arrears and deferred consideration in the sum of £15,000 remains outstanding, however, a further £5,000 has been received outside of the Period The Joint Administrators are currently liaising with A1 regarding the payment of the outstanding balance and it is anticipated that these funds will be paid shortly

Unassigned Book Debts

- 2 51 According to the records of the Company five unassigned book debts in the sum of £6,957 remain outstanding The Joint Administrators will continue to chase the outstanding balance and a further update will be provided in their next report

Directors Loan Accounts

- 2 52 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 as a result of funds introduced to the Company in the subsequent period. The Joint Administrators are currently corresponding with the directors to ascertain the correct position and we will pursue payment of any outstanding balance.
- 2 53 A further update will be provided in the Joint Administrators next report.
- 2 54 In the Proposals, we stated that we believed that the Second purpose of Administration, 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 the Property and to complete a sale of the same which has resulted in greater realisations for the benefit of creditors.
- 2 55 The Joint Administrators anticipate that the second purpose of Administration will be achieved as we will be in a position to declare a dividend of 100 pence in the pound to the preferential creditors of the Company and a dividend of approximately 29 pence in the pound to the unsecured creditors. It is understood that should the Company have entered Liquidation, dividend prospects would not have been at this level as asset realisations resulting from book debts and the business sale would have been significantly reduced.
- 2 56 The Joint Administrators believe that the third purpose of Administration, namely, 'Realising property in order to make a distribution to one or more secured or preferential creditors' has been achieved as both RBS and SBF have been paid in full from fixed charge realisations and the Joint Administrators anticipate being in a position to declare a dividend in the sum of 100 pence in the pound to the preferential creditors of the Company.
- 2 57 In addition to the pursuance of this statutory objective, the Joint Administrators have duties imposed by insolvency and other legislation, some of which may not provide any financial benefit to creditors.

Creditors (claims and distributions)

- 2 58 Further information on the anticipated outcome for creditors in this case can be found at Section 6 of this report. A Joint Administrator is not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.
- 2 59 Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal.
- 2 60 The above work will not necessarily bring any financial benefit to creditors generally, however a Joint Administrator is required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Joint Administrators in dealing with those claims.

Investigations

- 2 61 Some of the work the Joint Administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 ("CDDA 1986") and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Joint Administrators can pursue for the benefit of creditors.
- 2 62 We can confirm that we have submitted a report on the conduct of the Directors of the Company to the Department for Business Innovation & Skills under the CDDA 1986. As this is a confidential report, we are unable to disclose the contents.
- 2 63 Shortly after appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting (where held) or as a response to our request to complete an investigation.

questionnaire Our investigations have not revealed any issues requiring further report or any further potential recoveries which could be pursued for the benefit of creditors

3 Pre-administration Costs

3 1 On 16 May 2016, the following amounts in respect of pre-administration costs were approved

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	5,584 plus VAT	Nil
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	3,720 plus VAT	Nil
Brabners Solicitors LLP	Counsel's fees and court issuing fee	175 plus VAT	175 plus VAT	Nil

3 2 The pre appointment costs in respect of CHBR and Brabners have been discharged in full

4 Joint Administrators' Remuneration

4 1 On 16 May 2016, the creditors agreed the basis of the Joint Administrators' fees were fixed in the Administration in accordance with the Joint Administrators' fee estimate as detailed in the Proposals in the sum of £62,293 At this meeting creditors also agreed that the Joint Administrators be authorised to draw Category 2 disbursements in accordance with the firm's published tariff

4 2 Our fees estimate/information was originally provided to creditors when the basis of our remuneration was approved and was based on information available to us at that time

4.3 A copy of that estimate is reproduced below

Category of work	Estimated Number of Hours	Average blended charge out rate £	Estimated cost £
Administration (inc statutory compliance & reporting)	85.00	210.59	17,900.00
Realisation of assets	70.00	227.86	15,950.00
Creditors (claims & distributions)	60.00	214.38	12,862.50
Investigations	21.00	227.86	4,785.00
Trading	28.90	207.79	6,005.00
Case specific matters (Reporting to the Bank)	15.00	319.33	4,790.00
Total estimated fees	279.90	222.55	62,292.50

4.4 Our time costs for the Period are £16,368. This represents 69 hours at an average rate of £238 per hour. Attached at Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during the Period in respect of the costs fixed by reference to time properly spent in managing the Administration.

4.5 Also attached at Appendix C is a cumulative Time Analysis for the period from 8 March 2016 to 7 September 2016 which provides details of our time costs since our appointment. The cumulative time costs incurred to date are £45,217 and this represents 197 hours at an average rate of £230 per hour.

4.6 A description of the activities of which time has been spent are as follows -

Administration (including Statutory)

4.7 Time spent on this category which is in the sum of £12,804 representing 65 hours at an average rate of £197 per hour, relates to, but is not limited to, sending statutory notice of Administration to various parties, preparing and circulating the Proposals to creditors, preparing and circulating notice of result of the meeting of creditors by correspondence, preparing and circulating the Progress Report and preparing and reviewing the Joint Administrators' Progress Report prior to circulation, dealing with general telephone queries, general written correspondence, the posting of income and expenditure vouchers and the production of monthly bank reconciliations.

Realisation of Assets

- 4 8 Time spent on this category, in the sum of £12,262 representing 42 hours at an average of £293 per hour, relates to, but is not limited to liaising with SW regarding a marketing strategy for the disposal of the Company's business and assets and the Property, liaising with interested parties and liaising with SW and Brabners regarding the Sale and Purchase Agreement, liaising with SW, Brabners and interested parties regarding the sale of the Property and liaising with Brabners regarding finalising the sale of the Property and liaising with SBF regarding the book debts

Trading

- 4 9 Time spent on this category, in the sum of £8,291 representing 42 hours at an average of £199 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
- 4 10 As previously advised the Joint Administrators did not undertake any trading of 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
- 4 11 At the date of this report, we would confirm that our fees estimate for the Administration remains unchanged This is because we have undertaken to restrict the Joint Administrators' time costs to be drawn from the estate to £62,293 plus VAT and as a result, any time costs incurred in excess of this amount will not be borne by creditors
- 4 12 To date, the Joint Administrators have drawn the sum of £42,000 plus VAT on account

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- 4 13 Category 1 disbursements in the combined sum of £2,749 plus VAT or Insurance Premium Tax ("IPT") (where applicable) have been drawn on account

Name of Recipient	Brief description of services provided	Total amount charged £	Amount paid £	Amount unpaid £
AUA Insolvency Risk Services Limited	Insurance of Assets (Property)	236 plus IPT	236 plus IPT	Nil
AUA Insolvency Risk Services Limited	Insurance of Assets	1,560 plus IPT	1,560 plus IPT	Nil
AUA Insolvency Risk Services Limited	Statutory bordereau	660	660	Nil
Courts Advertising Limited	Statutory Advertising	169 plus VAT	169 plus VAT	Nil

- 4 14 Category 2 disbursements in the combined sum of £1,500 plus VAT have been drawn on account

Name of Recipient	Brief description of services provided	Total amount charged £	Amount paid £	Amount unpaid £
Cowgill Holloway LLP	Preparation of a Sales Memorandum	1,500 plus VAT	1,500 plus VAT	Nil

- 4 15 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/>
- 4 16 Attached at Appendix D is additional information in relation to the Joint Administrators' fees, expenses and disbursements, including where relevant, information on the use of subcontractors and professional advisers

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5 Joint Administrators' Expenses

5.1 The following expenses have been paid during the Period -

Supplier // Service Provider	Nature of expense incurred	Amount Incurred to date £	Paid to date £	Amount Outstanding £
A1 Streamline Road Markings Ltd	Assistance with unassigned debt collection	4,059 plus VAT	4,059 plus VAT	Nil
Allied Irish Bank (GB)	Bank charges	42 plus VAT	42 plus VAT	Nil
AUA Insolvency Risk Services Limited	Insurance of assets and employers' liability insurance	1,560 plus IPT	1,560 plus IPT	Nil
AUA Insolvency Risk Services Limited	Insurance of the Property	236 plus IPT	236 plus IPT	Nil
Brabners LLP	Legal Fees – Assistance with the sale of the Property and drafting report on the title	10,540 plus VAT	10,540 plus VAT	Nil
Brabners LLP	Legal Disbursements	39 plus VAT	39 plus VAT	Nil
Brabners LLP	Counsel's Fees – Opinion on the sale of the Property	65 plus VAT	65 plus VAT	Nil
Brabners LLP	Legal Fees – Assistance with the sale of the Company's business and assets and drafting sale and purchase agreement	7,000 plus VAT	7,000 plus VAT	Nil
Sanderson Weatherall LLP	Agent's costs in dealing with the chattel asset sales	7,685 plus VAT	7,685 plus VAT	Nil
Sanderson Weatherall LLP	Disbursements in connection with the chattel assets	505 plus VAT	505 plus VAT	Nil
Sanderson Weatherall LLP	Agent's costs in dealing with property	7,713 plus VAT	7,713 plus VAT	Nil
Sanderson Weatherall LLP	Disbursements in connection with the Property	2,196 plus VAT	2,196 plus VAT	Nil
Skipton Business Finance Limited	Termination Fees	45,565 plus VAT	45,565 plus VAT	Nil

6 Estimated Outcome for Creditors

6 1 An Estimated Outcome Statement as at 7 September 2016 is attached at Appendix E

Secured Creditors

Royal Bank of Scotland

6 2 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. The Company's bank accounts were also covered by the fixed charge in favour of RBS.

6 3 As at the date of appointment RBS advised that £195,000 was outstanding under the terms of the mortgage and that the bank account was overdrawn in the sum of approximately £78,000.

6 4 RBS advised that the total liability due to them including the mortgage and overdrawn bank accounts was in the sum of £259,265.

6 5 As advised in Section 2 of this report, the Property was sold on 1 July 2016, in the sum of £355,000 to Crumptsy and on the same day funds totalling £259,265 were paid to RBS.

6 6 Subsequently, RBS confirmed that its liability had been discharged in full.

Skipton Business Finance Limited ("SBF")

6 7 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.

6 8 SBF have advised that book debts in the sum of £309,244 have been collected. On 10 May 2016, SBF advised that the sum of £187,135 had been utilised by SBF to discharge its outstanding liability in the sum of £133,756. SBF retained a deposit in the sum of £6,647 and termination charges in the sum of £38,918 plus VAT were applied to the account. SBF have advised that the liability due to them has been discharged in full.

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- 6 9 On 30 September 2016, SBF advised that book debt ledger had been exhausted and that no further funds would be realised. SBF transferred the balance in the sum of £122,100 to the Joint Administrators, however, as these funds were received outside of the Period they are not shown in the Receipts and Payments shown at Appendix A

Preferential Creditors

- 6 10 As detailed earlier in the 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
- 6 11 The Joint Administrators are currently liaising with the Redundancy Payments Office (“RPO”) and it is the Joint Administrators’ intention to declare a first and final dividend representing 100 pence in the pound to the preferential creditors following receipt of the preferential claim form from the RPO

Unsecured Creditors

- 6 12 We have received claims totalling £511,189 from 13 unsecured creditors. We have yet to receive claims from 42 unsecured creditors whose debts total £54,365 as per the Company’s books and records
- 6 13 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 and 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. Accordingly, we are required to create a fund out of the Company’s net floating charge property for unsecured creditors (known as the **Prescribed Part Fund**)
- 6 14 However, as RBS and SBF have been paid under their fixed charge, there is no requirement to set aside a Prescribed Part Fund

- 6 15 We currently anticipate that a dividend may will be available to the unsecured creditors. As a result, unless it is more expedient to make an application to court to allow this to be distributed in the Administration, we anticipate that the Company will exit into Creditors' Voluntary Liquidation in due course to facilitate the payment of a dividend to the unsecured creditors.
- 6 16 Based on present information the Joint Administrators anticipate that a dividend of approximately 29 pence in the pound will be available for the unsecured creditors, however, please note this is an estimate and subject to fluctuation and change.
- 6 17 Further details will be provided in due course.

7 Ending the Administration

Creditors' Voluntary Liquidation

- 7 2 Based on present information, the Joint Administrators think a dividend will be paid to the unsecured creditors. 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, the Joint Administrators 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").
- 7 3 Following the approval of the Proposals, the Joint Administrators will also become the Joint Liquidators of the CVL and the Joint Liquidators will be authorised to act jointly and severally.
- 7 4 The Joint Administrators will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect.

Dissolution of the Company

- 7.5 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.
- 7.6 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.
- 7.7 The Joint Administrators' appointment will end following the registration of the notice by the Registrar of Companies.

8 Creditors' Rights

- 8.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Joint Administrators provide further information about his remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 8.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Joint Administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Joint Administrators, as set out in this progress report, are excessive.

9 Next Report

- 9.1 The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised or they wish to extend it

For and on behalf of
AAA A1 Streamline Road Markings Limited

A handwritten signature in black ink, consisting of a stylized 'C' followed by a horizontal line.

Craig Johns
Joint Administrator

Appendix A

**Joint Administrators' Receipts and Payments Account for the Period from 30
April 2016 to 7 September 2016 and a Cumulative Receipts and Payments
Account for Period from 8 March 2016 to 7 September 2016**

Statement of Affairs	For the Period From 30 April 2016 to 7 September 2016	For the Period From 8 March 2016 to 7 September 2016
£	£	£
RECEIPTS		
Fixed Charge Realisations		
Freehold Land & Property	355 000	355 000
Licence Fee	5 659	8 159
Encumbered Book Debts	187 135	187 135
Contribution to Wages		2 634
Floating Charge Realisations		
Goodwill		1
Fixtures & Fittings		2 500
Plant & Machinery		7 500
Motor Vehicles	15,000	35,000
Stock		9 999
Refund of Training Fees	2,160	2 160
Private Treaty sale of Vehicle	3,500	3 500
Private Treaty sale of Number Plates	3 350	3 350
Unencumbered Book Debts	<u>13,861</u>	<u>15,971</u>
	585,665	632,909
PAYMENTS		
Trading Payments		
Direct Labour		1 178
Employer's PAYE/NIC Deductions		175
Employer's Pension Deductions		8
Employer's Pension Contributions		11
Layoff Pay		1 300
Utility Supplies	77	96
Property Expenses	29	29
Payroll Assistance		46
Pre Appointment Costs		
Joint Administrators' Fees	5 579	5 579
Joint Administrators' Expenses	5	5
Counsel's Fees	175	175
Legal Fees	3 720	3 720
Fixed Charge Payments		
Legal Fees	10 540	10 540
Legal Disbursements	39	39
Counsel's Fees	65	65
Agent's Fees	7 713	7 713
Agent's Disbursements	2 196	2 196
Bank Charges	42	42
Insurance of Property	236	236
Insurance Premium Tax	22	22
Termination Charges	45,565	45 565
Floating Charge Payments		
Specific Bond	660	660
Joint Administrators' Fees	42 000	42 000
Preparation of a Sales Memorandum	1 500	1 500
Assistance with Unassigned Debt Collection	4 059	4 059
Legal Fees	7 000	7 000
Agent's Fees	7 685	7 685
Agent's Disbursements	505	505
Statutory Advertising	169	169
Insurance of Assets	1,560	1,560
Insurance Premium Tax	148	148
Fixed Charge Distributions		
Skipton Business Finance Limited paid at a rate of 100 pence in the pound on 10 May 2016	133 786	133 786
Royal Bank of Scotland Plc paid at a rate of 100 pence in the pound on 1 July 2016	<u>259,265</u>	<u>259,265</u>
	534,340	537,077
Balance		<u>95,832</u>
MADE UP AS FOLLOWS		
Cash at Bank (Non Interest Bearing)		72 447
VAT Receivable		24 055
VAT Payable		<u>(670)</u>
		<u>95,832</u>

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

Note 2 - It should be noted that the business did not continue to trade after the appointment of the Joint Administrators, however, for the purposes of the Receipts and Payments Account, the costs associated with retaining the employees and the Property have been categorised as such

Appendix B

Time Analysis for the Period from 30 April 2016 to 7 September 2016

	Partner	Senior Manager	Senior Administrator	Administrator	Cashier	Total Hours	Total Cost £	Average Cost £
Administration (including Statutory)	2 00	3 40	10 00	0 20	6 90	22 50	4,276 00	190 04
Creditors (Claims and Distribution)	4 90	0 80	4 00	-	-	9 70	2,757 50	284 28
Investigations	1 60	-	13 00	-	-	14 60	2,940 00	201 37
Realisation of Assets	7 10	5 50	8 50	-	-	21 10	6,250 00	296 21
Trading	-	-	-	-	-	-	-	-
Case Specific Matters (Bank Reports)	-	-	0 80	-	-	0 80	144 00	180 00
TOTAL	15 60	9 70	36 30	0 20	6 90	68 70	16,367 50	238 25

Appendix C

Cumulative Time Analysis for the Period from 8 March 2016 to 7 September 2016

	Partner	Senior Manager	Senior Administrator	Administrator	Cashier and Support Staff	Total Hours	Total Cost £	Average Cost £
Administration (including Statutory)	7 00	8 40	35 20	0 70	13 60	64 90	12,804 00	197 29
Creditors (Claims and Distribution)	4 90	0 80	16 50	-	-	22 20	4,851 50	218 54
Investigations	1 60	0 70	13 00	-	-	15 30	3,115 00	203 59
Realisation of Assets	21 10	9 50	10 30	-	1 00	41 90	12,261 50	292 64
Trading	-	11 90	29 70	-	-	41 60	8,291 00	199 30
Case Specific Matters (Bank Reports)	10 00	-	0 80	-	-	10 80	3,894 00	360 56
TOTAL	44 60	31 30	105 50	0 70	14 60	196 70	45,217 00	229 88

Appendix D

Additional Information in Relation to the Joint Administrators' Fees, Expenses & Disbursements

1 Staff Allocation and the Use of Sub-Contractors

- 1.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case
- 1.2 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 assignment
- 1.3 On this case we are proposing to use the services of the following sub-contractors

Service(s)	Provider	Basis of fee arrangement	Cost to date
Collection of Non-Factored Book Debts	Mr and Mrs R Houghton	50% of debtor collections	£4,059 plus VAT

2 Professional Advisors

- 2.1 On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis

Name of Professional Advisor	Basis of Fee Arrangement
Brabners LLP (legal advice)	Hourly rate and disbursements
AUA Insolvency Risk Services Limited (insurance)	Risk based premium
KO Business Services (NW) Limited (payroll assistance)	Fixed fee
Sanderson Weatherall LLP (valuation and disposal advice)	Fixed fee and percentage fee of property sale and asset sales
Robson Kay Associates Limited	Fixed fee
Cowgill Holloway LLP (preparation of sales memorandum)	Fixed fee

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- 2.2 Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them

3 Joint Administrators' Expenses & Disbursements

- 3.1 The estimate of expenses (including disbursements) which were anticipated at the outset of the Administration was provided to creditors in the Joint Administrators' Proposals Report a copy of which is set out below

Expense	Provider	Basis of fee arrangement	Cost to date/£
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
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
Statutory advertising	Courts Advertising Limited	Fixed fee per advertisement	255 plus VAT
Staff related travel expenses	Direct cost of the Joint Administrators & their staff	Disbursements	1,000 plus VAT
Payroll Assistance	K O Business Services (NW) Limited	Hourly rate plus disbursements	46
Document storage	Restore Plc	Fixed fee per box per month plus fixed fee per box for destruction	50 plus VAT
Valuation of assets	Robson Kay Associates Limited	Fixed fee	1,000 plus VAT
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

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Current position of Joint Administrators' expenses

- 3.2 An analysis of the expenses (including disbursements) paid to the date of this report, together with those incurred but not paid at the date of this report is provided below

	Paid in prior period £	Paid in the period covered by this report £	Incurred but not paid to date £	Total anticipated cost £
Allied Irish Bank (GB)	-	42 plus VAT	-	42 plus VAT
AUA Insolvency Risk Services Limited (Insurance of Assets)	-	1,560 plus IPT	-	1,560 plus IPT
AUA Insolvency Risk Services Limited (Property insurance)	-	236 plus IPT	-	236 plus IPT
AUA Insolvency Risk Services Limited (Statutory Bordereau)	-	660	-	660
Brabners LLP (Counsel's Fee)	-	65 plus VAT	-	65 plus VAT
Brabners LLP (Disbursements)	-	39 plus VAT	-	39 plus VAT
Brabners LLP (Property)	-	10,540 plus VAT	-	10,540 plus VAT
Brabners LLP (Sale and Purchase Agreement)	-	7,000 plus VAT	-	7,000 plus VAT
Courts Advertising Limited (Statutory advertising)	-	169 plus VAT	-	169 plus VAT
Cowgill Holloway LLP	-	1,500 plus VAT	-	1,500 plus VAT
Direct cost of the Joint Administrators & their staff (Travel and Expenses)	-	-	-	1,000 plus VAT
EOn Plc	-	77 plus VAT	-	77 plus VAT
Henco International Limited	-	29 plus VAT	-	29 plus VAT
K O Business Services (NW) Limited (Payroll Assistance)	-	46 plus VAT	-	46 plus VAT
Mr and Mrs R Houghton (Book Debt Collection)	-	4,059 plus VAT	-	4,059 plus VAT
Restore Plc (Document Storage)	-	-	-	50 plus VAT
Robson Kay Associates Limited	-	-	1,000 plus VAT	1,000 plus VAT
Sanderson Weatherall LLP (Assets)	-	7,685 plus VAT	-	7,685 plus VAT
Sanderson Weatherall LLP (Disbursements in respect to the sale of the Assets)	-	505 plus VAT	-	505 plus VAT
Sanderson Weatherall LLP (Disbursements in respect to the sale of the Property)	-	2,196 plus VAT	-	2,196 plus VAT
Sanderson Weatherall LLP (Property)	-	7,713 plus VAT	-	7,713 plus VAT
Skipton Business Finance Limited (Termination Fees)	-	45,565 plus VAT	-	45,565 plus VAT
Sunbeam Receivables Limited	-	18 plus VAT	-	18 plus VAT

- 3.3 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. These disbursements are included in the tables of expenses above.
- 3.4 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. Details of Category 2 disbursements charged by this firm (where appropriate) were provided in the Joint Administrators' Proposals Report and approved by creditors. Any Category 2 disbursements incurred are specifically highlighted in the tables of expenses above.
- 3.5 On a meeting of creditors held on 16 May 2016, the Joint Administrators were authorised to draw Category 2 disbursements in accordance with the firm's published tariff.

4 Charge-Out Rates

- 4.1 Cowgill Holloway Business Recovery LLP's current charge-out rates effective from 1 March 2012 are detailed below.

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4.2 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

Estimated Outcome Statement as at 7 September 2016

	Notes	Administration £
Assets		
Cash held by Joint Administrators as at 7 September 2016		72,447
Debt Collection Proceeds held by Skipton Business Finance Ltd	1	122,100
VAT Receivable	2	23,385
Deferred Consideration	3	15,000
Unencumbered Book Debts	4	Uncertain
Directors' Loan Account	5	Uncertain
		<u>232,932</u>
Less: Costs of Administration	6	(60,428)
Estimated funds available for Preferential Creditors		<u>172,504</u>
Less: Estimated Preferential Creditors	7	(10,414)
Estimated Surplus / (Deficiency) to unsecured creditors		<u>162,090</u>
Less: Unsecured Creditors		
Trade & Expense creditors	8	(136,399)
Directors' Loan Account	5	Uncertain
HM Revenue & Customs	8	(429,155)
		<u>(565,554)</u>
Estimated (Shortfall) to Unsecured Creditors		<u>(403,464)</u>

	£
Estimated dividend to Unsecured Creditors	0.29

Notes
1 Skipton Business Finance Limited ("SBF") have advised that funds in the sum of £122,100 have been realised from the assigned debtor ledger. These funds have been received by the Joint Administrators but outside of this reporting period. SBF have advised that the ledger is now exhausted and no further funds will be received from this source.
2 VAT receivable in the sum of £24,055 is due to the Administration and VAT in the sum of £670 is due to HM Revenue and Customs. The Joint Administrators will in due course submit the appropriate VAT returns to reclaim the balance of £23,385.
3 Deferred consideration in the sum of £15,000 is outstanding as at the date of the report. £5,000 has been received outside of the reporting period. Further information on the deferred consideration can be found in Section 2 of the report.
4 According to the books and records of the Company five unencumbered book debts in the sum of £6,957 remain outstanding. The Joint Administrators are continuing to pursue the outstanding balances, however realisations are currently uncertain.
5 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. The Joint Administrators are continuing to investigate the position.
6 See the estimate below.
7 The Company employed 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.
8 Taken from the Company books and records and claims provided by the unsecured creditors.

Costs of Administration	£
Office Holders' Fees	(20,293)
Joint Liquidators' Fee Estimate	(40,000)
Statutory Advertising	(85)
Storage Costs (Estimated)	(50)
	<u>(60,428)</u>