

The Insolvency Act 1986

**Notice of move from administration  
to creditors' voluntary liquidation****2.34B**

Name of Company:  
Areton International Plastics Limited

Company number:  
02606710

In the:  
High Court of Justice, Chancery Division,  
Manchester District Registry  
[full name of court]

Court case number:  
3328 of 2008

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

(b) Insert name and address of  
registered office of company

(c) Insert date of appointment

(d) Insert name of applicant /  
appointer

I (a) Gary Bell of Cowgill Holloway Business Recovery LLP, 49 Peter Street, Manchester, M2 3NG  
having been appointed administrator(s) of (b) Areton International Plastics Limited c/o Cowgill Holloway  
Business Recovery LLP, 49 Peter Street, Manchester, M2 3NG

on (c) 18 August 2008 by (d) the Director

hereby give notice that:

the provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply,

(e) Insert name(s) and  
address(es) of liquidator(s)

and it is proposed that (e) Gary Bell of Cowgill Holloway Business Recovery LLP, 49 Peter Street,  
Manchester, M2 3NG

will be the liquidator of the Company (IP Number) (008710)

I attach a copy of the final progress report.

Signed: \_\_\_\_\_

Administrator

Dated: 13 August 2009

**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

Cowgill Holloway Business Recovery LLP	
49 Peter Street, Manchester, M2 3NG	
	Tel Number: 0161 827 1200
Fax Number: 0161 827 1211	DX Number:

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



A08 29/08/2009 136  
COMPANIES HOUSE

SATURDAY

**ARETON INTERNATIONAL PLASTICS – IN ADMINISTRATION**

**FINAL REPORT OF THE ADMINISTRATOR PURSUANT TO RULE 2.47 AND 2.110 OF  
THE INSOLVENCY RULES 1986**

**Gary Bell appointed Administrator on 18 August 2008**

**The affairs, business and property are being managed by the Administrator.**

**The Administrator acts as the Company's agent and without personal liability.**

**1. COMPANY AND ADMINISTRATORS' DETAILS**

Name of Court:	High Court of Justice, Chancery Division, Manchester District Registry
Court Reference Number:	3328 of 2008
Company Registered Number:	02606710
Registered Office Address:	c/o Cowgill Holloway Business Recovery LLP 49 Peter Street, Manchester, M2 3NG
Name of Administrator:	Gary Bell
Date of Administrators Appointment:	18 August 2008

**2. PROGRESS DURING THE PERIOD**

This report should be read in conjunction with my previous report to creditors dated 4 March 2009.

Pursuant to paragraph 3(1) of Schedule B1 to the Insolvency Act 1986 (as amended), the Administrators of the Company must perform this function with the objective of:

- i. Rescuing the company as a going concern or;
- ii. 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).
- iii. Realising property in order to make a distribution to one or more secured or preferential creditors.

In the original report to creditors the Administrator concluded that It was not reasonably practicable to achieve the objective specified in subparagraph 3(1)(a), and therefore the most appropriate objective to pursue was that specified in subparagraph 3(1)(c), realising property in order to make a distribution to one or more secured or preferential creditors.

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As detailed within the Administrators proposals, On 18 August 2008, the Company entered into Administration under Part II of the Insolvency Act 1986.

At the date of appointment there were a total of 26 employees. On this date 14 employees were made redundant.

The remaining 12 employees were retained in order to assist with the winding down of the Company, retention of title claimants, the dismantling of equipment and in order to provide financial information / assistance to the Administrator. A contribution towards wages and other costs will be made by Kafrit Industries (1993) Limited ("Kafrit"), as detailed at Appendix III.

A further six employees were made redundant on 5 September 2008 and a further redundancy was made on 3 October 2008. Shortly after, one employee submitted his resignation and the remaining 2 employees were made redundant on 31 December 2008.

#### **Retention of Title / Unsecured creditor claims**

The Administrator liaised with all suppliers who claimed retention of title to goods held at the Company's trading premises. Retention of title claims were agreed and the Administrator arranged for the agreed claimants to collect their goods.

This has reduced the unsecured creditor's balances significantly. Credit notes totalling £34,884 were received from creditors with valid retention of title claims.

#### **Site Clearance**

The site was cleared on 31 December 2008 and the Administrator handed the premises back to the landlord.

The third party costs of clearing the site and disposing of the hazardous materials totalled £23,948.

### 3. **ESTIMATED OUTCOME STATEMENT**

The Administrators account of receipts and payments, incorporating an estimated outcome statement for creditors is attached at Appendix I.

#### **RECEIPTS**

The Company, at the direction of the Administrator sold, from the completion date (27 August 2008), such right, title and interest as the Company had at that time to the following assets:

The Goodwill	£25,000
The Equipment	£125,000
Finished Goods	£130,000
<b>Total Consideration</b>	<b>£280,000</b>

The purchaser of these assets was Kafrit Industries (1993) Limited, an associated Company by virtue of common directors and shareholders. The sum of £280,000 was paid upon completion, 27 August 2008.

#### **Raw Materials**

The Administrator instructed independent Agents and valuers, SHM Smith Hodgkinson ("SHM") to undertake a valuation of the assets of the business.

The Administrators proposals detailed an estimated to realise value of £27,727 in respect of the Raw Materials available at the date of appointment. In total a sum of £38,111 was received in respect of this asset.

#### **Debtors**

The Company's debtors had previously been subject to an Invoice Discounting facility with Barclays Asset and Sales Financing ("Barclays"). Barclay's debenture was assigned to Kafrit on 15 August 2008.

At the date of appointment, a sum of £541,640 was due to the Company in respect of the Sterling account and a sum of €341,318 was due to the Company in respect of the euro account.

The Euro account has been converted into Sterling at the rate of 1.2438 resulting in a sum of £274,416 due to the company.

At the date of appointment, the combined amount due to the Company in respect of book debts totalled £816,056. The Administrators proposals detailed an estimated to realise value of £612,042, after taking into account a bad debt provision of 25%.

During the course of the Administration, a sum of £847,557 was recovered which significantly exceeded expectations.

#### **Office Furniture & Equipment**

The Administrators proposals detailed Office Furniture and Equipment with a book value of £2,500 however, My Agents recovered a sum of £340 was achieved in respect of these assets.

#### **Insurance Refund**

A sum of £1,584 has been received in respect of the insurance policy held by the Company consisting of a refund of £250 in respect of the insurance excess together with payment of an insurance claim in the sum of £1,334.

#### **Business Rates Refund**

A refund totalling £3,191 was received in respect of overpayment of Business rates for the pre appointment period.

#### **Sundry Receipt**

A sundry refund in the sum of £211 has been received.

#### **Bank Interest**

The administrator deposited the proceeds of asset realisations into a high interest account in order to maximise realisations. In total a sum of £4,721 has been received in respect of bank Interest of which £3,143 was received directly in relation to those funds deposited on money market.

## **PAYMENTS**

### **Professional Fees**

The Administrator retained the services of the Company's payroll provider, Matravers & Co Limited ("Matravers") in order to calculate the salaries and the wages of those staff retained after the Administrators appointment.

In addition, Matravers also calculated and completed the PAYE end of year returns for the pre appointment period and the Administration period.

A sum of £724 plus VAT was paid in respect of these services which the Administrator considers to be reasonable in light of the work undertaken.

### **Legal Fees**

Independent Legal advice was sought from Halliwells LLP in respect of the sale of the assets to Kafrit and the validity of their charge. A sum of £2,500 plus VAT was paid in respect of their fee. The Administrator considers this cost to be reasonable in light of the work undertaken

### **Agents Fees**

As detailed above, the Administrator instructed independent Agents and Valuers, SHM Smith Hodgkinson ("SHM") to undertake a valuation of the assets of the business. Their fee for providing their valuation of the assets, dealing with the same, assisting with the clearing of the site and organising the disposal of the assets totalled £14,000 of which £4,000 has been apportioned as a fixed charge cost. The Administrator considers these fees's to be reasonable in light of the work undertaken

### **Trading Expenses**

A number of costs were incurred in respect of completing the Administration which has included equipment hire, rent, utilities and staffing costs. These costs totalled £127,012. Kafrit have agreed to pay a proportion of these costs which are estimated to total £70,733.

### **SECTION 176A FUND FOR UNSECURED CREDITORS**

Section 176A of the Insolvency Act 1986 provides that, where the Company has created a Floating Charge after 15 September 2003, the Administrator must make a prescribed part of the Company's net property available for unsecured creditors and not distribute it to the Floating Charge Holder except insofar as it exceeds the amount required for the satisfaction of unsecured claims. Net property means the amount which would, were it not for the provision, be available to Floating Charge Holders out of Floating Charge Assets (i.e. after accounting for preferential debts and the costs of the Administration). The Prescribed Part is calculated by reference to a sliding scale as follows:-

- 50% of the First £50,000 of net property
- 20% of the net property thereafter
- Up to a maximum amount to be made available of £600,000

An Administrator will not be required to set aside a prescribed part if:-

- The net property is less than £10,000 and he thinks the costs of distributing the Prescribed Part would be disproportionate to the benefit (Section 176A(3)) or;
- He applies to the Court for an order on the grounds that the costs of distributing the prescribed part would be disproportionate to the benefit and the Court Orders that the provision shall not apply (Section 76(A)(3)).

Rule 2.33 of the Rules requires that our proposals for achieving the purpose of the administration shall include, to the best of our knowledge and belief, an estimate of the value of the *prescribed part* and an estimate of the value of the Company's *net property*.

Barclays Bank Plc had the benefit of a fixed and floating charge debenture over all the undertakings and assets of the Company dated 11 October 2000. The benefit of this debenture was subsequently assigned to Kafrit on 15 August 2008, under a deed of assignment. As this debenture was dated 11 October 2000, prior to 15 September 2003, the provisions of Section 176A have no application.



**5. ADMINISTRATOR'S REMUNERATION**

At the initial meeting of creditors held on 27 October 2008 creditors approved a proposal for the Administrator to be remunerated on the basis of hourly costs, as set out below, calculated on the time properly spent in the course of the Administration, pursuant to Rule 2.106(2)(B) of the Insolvency Act 1986 (as amended), and that he may draw his remuneration on account as and when funds permit.

Furthermore, the secured creditor also approved the Administrators remuneration on 17 December 2008 Pursuant to Rule 2.106 of the Insolvency Rules 1986.

Total time spent on this assignment amounts to 641.20 hours resulting in total time costs of £97,016 of which 7 hours totalling £370 relates to pre appointment time resulting in post appointment time of 634.20 hours totalling £96,346, at an average composite rate of £151.92 per hour

Total remuneration drawn to date in accordance with the above approval amounts to £90,000, leaving unbilled time costs of £6,346 which have been written off as irrecoverable, together with any further time accrued to the cessation of the administration.

Set out below is a summary of time costs incurred, analysed between staff grade and work activities.  
Hourly charge-out rates applicable to this matter are as follows:

Hourly charge-out rates applicable to this matter are as follows:-

To 31 July 2009	£/per hour	From 1 August 2009	£/per hour
Partner	225	Partner	275
Manager	160	Manager	200
Junior Administrator	70	Senior Administrator	150
Cashier	60	Administrator	110
		Cashier	110
		Junior Administrator	80

An analysis of time spent in administering this matter to 31 July 2009, in accordance with Statement of Insolvency Practice 9 is attached at Appendix II.

An explanatory note entitled "A Creditor's Guide to Administrators Fees" can be found on the Insolvency Practitioners Website at [www.insolvency-practitioners.org.uk](http://www.insolvency-practitioners.org.uk) under the "technical" link, alternatively a copy can be obtained from Cowgill Holloway Business Recovery LLP free of charge. In accordance with Statement of Insolvency Practice 9, creditors approved my proposal that the Administrator be authorised to recover disbursements that arise from the recharge of internal costs at the following rates:

Mileage 40p per mile

Room Hire £100 per meeting

Unless the cost is specifically attributable to a case, the following items of expenditure will normally be treated as a general overhead and will not be subject to recharge:-

Telephone and facsimile

Printing and photocopying

Stationery

With the exception of the items referred to above, all other expense items are recharged to the case as they are incurred.

**6. ADMINISTRATOR'S PROPOSALS**

The Administrators proposals as agreed by creditors are detailed below:-

- i. The Administrator will continue to realise the physical assets of the Company;
- ii. The Administrator will continue to collect any book debts of the Company;
- iii. If appropriate, where there are insufficient funds to enable a distribution to be made to unsecured creditors, then the Administrator shall without further recourse to creditors, propose to move the Company from Administration to dissolution pursuant to Paragraph 84 of Schedule B1 to the Insolvency Act 1986 (as amended);
- iv. In the event of a distribution being available for unsecured creditors, the Company shall be placed into Creditors Voluntary Liquidation with Gary Bell of Cowgill Holloway Business Recovery LLP being appointed Liquidator. In accordance with Paragraph 83(7) of the Insolvency Act 1986 (as amended), Creditors may nominate a different person to act as Liquidator provided that the nominations are made after receipt of the proposals and before the proposals are accepted;
- v. In the event that the sale of the Company's assets either in whole or in part involved the disposal of assets subject to security and in the event that the Administrator cannot come to terms with the creditor concerned, then the Administrator proposes to apply to Court under the provisions of Paragraph 70, 71 and 72 of Schedule B1 to the Insolvency Act 1986 (as amended) to dispose of property which is the subject to security as if it were not subject to security and goods which are under hire-purchase agreements as if all the rights of ownership under the agreement were vested with the Company;
- vi. These proposals shall be subject to such modifications or conditions as the Court may approve or impose;
- vii. That the Administrator will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 (as amended) in respect of any act/action as Administrator. The discharge from liability will take effect immediately upon his appointment as Administrator ceasing to have effect;
- viii. The Administrator proposed that the creditors resolve that the Administrator is to be remunerated on the basis of their hourly costs at scale rates calculated on the time properly spent in the course of the Administration, pursuant to Rule 2.106(2)(b) of the Insolvency Act 1986 (as amended), and that he may draw his remuneration on account as and when funds permit

ARETON INTERNATIONAL PLASTICS LIMITED - IN ADMINISTRATION

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- ix. Remuneration drawn will be notified to any creditors committee appointed under Paragraph 57 of Schedule B1 to the Insolvency Act 1986 (as amended). In addition, the Administrator will be reimbursed for their incidental expenses.

7. **CONCLUSION**

Once registered by Companies House (which I anticipate shortly), my appointment as Administrator will cease to have effect and the Company will be deemed to be subject to creditors' voluntary liquidation (with the former Administrator acting in the capacity as Liquidator) (Form 2.34 B).

Based upon information currently available it appears that there may be a dividend to unsecured creditors in this case, however, at this stage the quantum of any such dividend remains unknown, pending creditor claims received.

Should you require any further information regarding this matter then please do not hesitate to contact me.

Kind regards,



**GARY BELL**  
**ADMINISTRATOR**

# ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS, INCORPORATING ESTIMATED OUTCOME FOR CREDITORS

Estimated to realise per Statement of Affairs £	Period 18 August 2008 to 13 August 2009	Receipts & Payments to date £	Anticipated Receipts & Payments £	Projected Outcome £
<b>ASSETS SPECIFICALLY PLEDGED</b>				
88,933	Plant & Equipment	28,107	0	28,107
25,000	Goodwill	25,000	0	25,000
113,933		53,107	0	53,107
<b>Realisation Expenses</b>				
	Administrator's fees	(10,000)	0	(10,000)
	Agents Fee's	(4,000)	0	(4,000)
	Legal Fee's	(2,500)	0	(2,500)
	Corporation Tax	0	(7,500)	(7,500)
		(16,500)	(7,500)	(24,000)
<b>Net Realisations</b>				
		36,607	(7,500)	29,107
<b>Fixed charge holder - Kafrit Industries (1993) Limited<sup>a</sup></b>				
		(29,107)	0	(29,107)
		7,500	(7,500)	0
<b>ASSETS NOT SPECIFICALLY PLEDGED</b>				
612,042	Book Debts	847,557	0	847,557
60,826	Plant & Equipment	60,826	0	60,826
36,067	Plant & Equipment	42,067	0	42,067
2,500	Office Furniture & Equipment	340	0	340
27,727	Raw Materials	38,111	0	38,111
130,000	Finished Goods	130,000	0	130,000
1,584	Insurance Refund	1,584	0	1,584
3,910	Business Rates Refund	3,191	0	3,191
	Sundry Receipt	211	0	211
	Contribution to Costs from Kafrit	0	70,733	70,733
	Bank Interest	1,577	0	1,577
	Treasury Bill Gains	3,143	0	3,143
874,656		1,128,607	70,733	1,199,340
<b>Payments</b>				
	Trading Expenses	(127,012)	0	(127,012)
	Agent's fees & expenses	(11,000)	0	(11,000)
	Statutory Advertising	(319)	0	(319)
	Administrators Fees	(80,000)	0	(80,000)
	Administrators Disbursements	(64)	0	(64)
	Bank charges & Sundry	(190)	(50)	(240)
	Bordereau (statutory bond)	0	(620)	(620)
	Site Clearance Fees	(23,948)	0	(23,948)
	Professional Fees	(834)	(250)	(1,084)
	Equipment	(7,000)	0	(7,000)
	Storage Costs	(13)	0	(13)
	Insurance	(4,127)	0	(4,127)
	Stationary & Postage	(161)	0	(161)
	Mail redirection	(50)	0	(50)
		(254,718)	(920)	(255,638)
<b>Available for preferential creditors</b>				
		881,389	62,313	943,702
<b>Arrears of wages and holiday pay</b>				
		(7,488)	0	(7,488)
<b>Net property</b>				
		873,901	62,313	936,214
<b>Prescribed part of net property set aside for unsecured creditors</b>				
		0	0	0
<b>Available for floating charge holder</b>				
		873,901	62,313	936,214
<b>Floating charge holder - Kafrit Industries (1993) Limited</b>				
		(780,893)	(84,143)	(865,036)
		93,008	(21,830)	71,178

**ARETON INTERNATIONAL PLASTICS LIMITED - IN ADMINISTRATION**  
**SUMMARY OF ADMINISTRATORS TIME COSTS**  
**As at 31 July 2009**

	Partner	Manager	Hours Junior Administrator	Cashier	Total hours	Total Cost £	Average Cost £
Steps upon appointment	4.50	19.50	55.20	-	79.20	7,996.50	100.97
Planning & Strategy	8.50	37.30	-	-	45.80	7,880.50	172.06
General Administration	-	5.00	48.30	6.00	59.30	4,647.60	78.37
Asset Realisation / Management	77.80	49.50	8.10	-	135.40	25,992.00	191.96
Trading Related Matters	2.10	14.00	3.00	-	19.10	2,922.50	153.01
Investigations	-	-	2.40	-	2.40	168.00	70.00
Employee Matters	8.10	35.90	17.10	0.90	62.00	8,817.50	142.22
Creditor Claims	16.00	66.00	31.60	-	113.60	16,372.00	144.12
Other Issues	-	-	-	-	-	-	-
Reporting and Returns	39.00	62.00	5.80	-	106.80	19,101.00	178.85
Distribution and Closure	10.60	-	-	-	10.60	2,385.00	225.00
<b>Total hours</b>	<b>166.60</b>	<b>289.20</b>	<b>171.50</b>	<b>6.90</b>	<b>634.20</b>	<b>96,282.60</b>	<b>151.82</b>

Note: An explanatory note entitled "A Creditor's Guide to Administrator's Fees" can be found on the Insolvency Practitioners Association web site at [www.insolvency-practitioners.org-uk](http://www.insolvency-practitioners.org-uk) under the "Technical" link, alternatively a copy can be obtained from Cowgill Holloway Business Recovery LLP, free of charge

**ARETON INTERNATIONAL PLASTICS LIMITED - IN ADMINISTRATION**

	Receipts & Payments to date £	Anticipated Receipts & Payments £	Projected Outcome £	Cost to Administration to date £	Cost to Kafrit date £	Future Costs to Administration £	Future Costs to Kafrit £
Wages	52,985	0	52,985	31,201	21,784	0	0
Business Rates	3,377		3,377	1,688	1,689	0	0
PAYE & NIC	23,258	0	23,258	10,723	12,535	0	0
Pension Payments	3,474	0	3,474	2,139	1,335	0	0
Wages Chaps Fee	900	0	900	720	180	0	0
Heat & Light	3,073	0	3,073	1,304	1,769	0	0
Hire of Equipment	3,673	0	3,673	1,651	2,022	0	0
Water Rates	628	0	628	0	628	0	0
Vehicle Hire	1,860	0	1,860	771	1,089	0	0
Gas Supply	988	0	988	494	494	0	0
Cleaning Services	2,125	0	2,125	0	2,125	0	0
Telephone & Fax	2,727	0	2,727	0	2,727	0	0
Employees Childcare Vouchers	804	0	804	0	804	0	0
Rents Payable	22,063	0	22,063	5,588	16,475	0	0
	121,935	0	121,935	56,280	65,658		0
Employees Savings	1,172	0	1,172	0	1,172	0	0
Pre appointment preferential Pension	3,905	0	3,905	0	3,905	0	0
	127,012		127,012	56,280	70,733	0	0