

The Insolvency Act 1986

**Administrator's progress report**

Name of Company
Balli Group Plc

Company number
02632984

In the High Court of Justice <small>(full name of court)</small>
--

Court case number 1387 of 2013
-----------------------------------

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

I/We (a)

Neville Barry Kahn  
Deloitte LLP  
PO Box 810  
66 Shoe Lane  
London  
EC4A 3WA

Philip Stephen Bowers  
Deloitte LLP  
PO Box 810  
66 Shoe Lane  
London  
EC4A 3WA

Carlton Malcolm Siddle  
Deloitte LLP  
PO Box 810  
66 Shoe Lane  
London  
EC4A 3WA

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

(b) Insert date

From (b) 01/01/2014
------------------------

To (b) 30/06/2014
----------------------

Signed

Joint / Administrator(s)

Dated

25 July 2014

**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

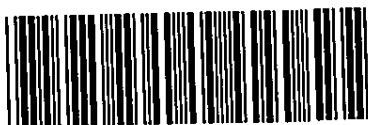
Neville Barry Kahn  
Deloitte LLP  
PO Box 810  
66 Shoe Lane  
London  
EC4A 3WA

DX Number LDE DX599

Tel 020 7936 3000  
DX Exchange

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**

SATURDAY



\*A3CWYNIG\*

A37

26/07/2014

#10

COMPANIES HOUSE

**Balli Group plc**

**Court Case No. 1387 of 2013**

**Balli Steel plc**

**Court Case No. 1388 of 2013**

**Balli Trading Ltd**

**Court Case No. 1386 of 2013**

**(All in Administration)  
("the Companies")**

**PROGRESS REPORT TO CREDITORS FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2014  
PURSUANT TO RULES 2.47 AND 2.112 OF THE INSOLVENCY RULES 1986 AND THE  
INSOLVENCY (AMENDMENT) RULES 2010**

25 July 2014

This report has been prepared for the sole purpose of updating creditors and the Court on the progress in the Administrations. The report may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever.

Neville Barry Kahn, Philip Stephen Bowers and Carlton Malcolm Siddle were appointed Joint Administrators of Balli Group plc, Balli Steel plc and Balli Trading Limited on 20 March 2013. The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and contract without personal liability.

All licensed Insolvency Practitioners of Deloitte LLP are licensed in the UK to act as Insolvency Practitioners.

**Neville Barry Kahn, Philip Stephen Bowers and Carlton Malcolm Siddle  
Joint Administrators of the Companies - In Administration**

**Deloitte LLP  
PO Box 810  
66 Shoe Lane  
London, EC4A 3WA**

**Tel +44 207 936 3000  
Fax . +44 207 007 3442**

## **CONTENTS**

## **Page**

<b>1. INTRODUCTION</b>	<b>2</b>
<b>2. ADMINISTRATORS' PROPOSALS</b>	<b>3</b>
<b>3. ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNTS</b>	<b>5</b>
<b>4. DISTRIBUTIONS TO CREDITORS</b>	<b>6</b>
<b>5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS</b>	<b>7</b>
<b>6. PRE-ADMINISTRATION COSTS</b>	<b>8</b>
<b>7. ADMINISTRATORS' REMUNERATION AND EXPENSES</b>	<b>9</b>

## **APPENDICES**

- 1. Statutory information**
- 2. Administrators' receipts and payments accounts for the period from 1 January 2014 to 30 June 2014 and the whole period of the Administration to 30 June 2014**
- 3. Administrators' time costs for the period 20 March 2013 to 30 June 2014 and for the period from 1 January 2014 to 30 June 2014**

## ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used

"the Act"	Insolvency Act 1986 (as amended)
"Administrators"	Neville Barry Kahn, Philip Stephen Bowers and Carlton Malcolm Siddle of Deloitte
"BGP"	Balli Group plc (In Administration)
"BSP"	Balli Steel plc (In Administration)
"BTL"	Balli Trading Limited (In Administration)
"Clifford Chance"	Clifford Chance LLP, the Administrators' legal advisers
"Companies"	Balli Group plc, Balli Steel plc and Balli Trading Limited (all in Administration)
"Court"	High Court of Justice, Chancery Division, London, England
"CVA"	Company Voluntary Arrangement pursuant to Part 1 of the Insolvency Act 1986 (as amended)
"Deloitte"	Deloitte LLP
"NDA"	Non-disclosure agreements signed with the Administrators
"PP"	The prescribed part of a company's net property subject to Section 176A of the Insolvency Act 1986 (as amended)
"the Rules"	Insolvency Rules 1986 and the Insolvency (Amendment) Rules 2010
"Shareholders"	Shareholders of Balli Group plc (In Administration)
"SIP2 (E&W)"	Statement of Insolvency Practice 2 (England & Wales)
"SIP7 (E&W)"	Statement of Insolvency Practice 7 (England & Wales)
"SIP9 (E&W)"	Statement of Insolvency Practice 9 (England & Wales)
"SIP13 (E&W)"	Statement of Insolvency Practice 13 (England & Wales)

## **1. INTRODUCTION**

### **1.1 Introduction**

This report has been prepared in accordance with Rules 2.47 and 2.112 of the Rules to provide creditors and the Court with an update on the progress of the Administrations of the Companies since our last report to creditors dated 15 January 2014. The Administrators intend to apply to Court for a further extension of the Administration Orders, so as to allow completion of confidential settlement discussions and proposal of a CVA which, if approved, would facilitate a recovery for creditors. We have not repeated information provided in previous reports.

Comments on progress in achieving the Administrators' proposals, as approved at the meetings of creditors held on 14 May 2013, are provided in section 2 below.

A schedule of statutory information in respect of the Companies is attached at Appendix 1.

### **1.2 Details of the appointment of the Administrators**

Neville Barry Kahn, Philip Stephen Bowers and Carlton Malcolm Siddle of Deloitte were appointed Administrators of the Companies by the High Court on 20 March 2013, following an application by the directors.

The Court having conduct of the proceedings is the High Court of Justice in London (case numbers 1386, 1387 and 1388 of 2013).

For the purposes of Paragraph 100(2) of Schedule B1 of the Act, the Administrators confirm that they are authorised to carry out all functions, duties and powers by any of them jointly and severally.

### **1.3 Electronic communication with creditors**

We remind creditors that in an effort to reduce the costs of the Administrations, all communications with creditors, including updates and Progress Reports, have been posted onto a website, which has been set up specifically for this purpose. The web address is

[www.deloitte.com/uk/bali](http://www.deloitte.com/uk/bali)

A letter will be issued to all creditors each time the website is updated with a statutory notice or report. All creditors' statutory notices will be retained on the website for at least 3 months after being uploaded to the site.

## **2. ADMINISTRATORS' PROPOSALS**

### **2.1 Introduction**

The Administrators' proposals as contained in our report dated 25 April 2013 were approved without amendment at meetings of creditors held on 14 May 2013

### **2.2 Progress on the approved proposals**

We summarise below the progress and current status in respect of the proposals

- By consent of the Companies' creditors, the Administration Orders were extended to 19 September 2014 to allow the Administrators to continue to explore a potential settlement offer
- In the meantime, the Administrators continue to actively manage the affairs of the Companies, pursuing available asset recoveries
- Where creditors held security over stock or book debts, these have been realised to the extent possible for the benefit of the respective secured creditor thereby reducing their claims in the Administrations. Some further small amounts may be realised which would flow to secured creditors and reduce unsecured creditor claims
- Following the meetings of creditors on 14 May 2013, creditors' committees were formed for both BGP and BSP comprising 5 members in each committee. No creditors' committee has been formed for BTL.
- The creditors' committees for both BGP and BSP have fixed the basis of the Administrators' remuneration and the meeting of creditors on 14 May 2013 fixed the basis of remuneration for BTL.
- The majority of creditors have signed up to NDAs allowing them to receive confidential information on the progress of the Administrations. Creditors who have not signed up to such, but wish to do so, should contact the Administrators through the dedicated email address [balli@deloitte.co.uk](mailto:balli@deloitte.co.uk)
- The Administrators continue to progress without prejudice settlement discussions with the Shareholders and a draft of the proposed settlement agreement was circulated prior to Easter to creditors who had signed up to NDAs. Subsequently the Administrators have dealt with a significant number of queries in relation to the proposal. In the view of the Administrators this remains the best potential source of recovery to creditors. Details of the proposals, which are subject to legal documentation, are currently confidential, as between the Shareholder, the Administrators and such creditors as have signed up to the requisite confidentiality agreements. In due course, and once finalised, these would be made generally available in order to allow all unsecured creditors to consider CVA proposals prior to the requisite meetings
- The Administrators continue to keep the creditors' committees updated and will arrange further calls with the general body of creditors as required

- As noted, the Administration Orders would ordinarily expire on 19 September. Accordingly, the Administrators will apply to Court for further extensions of the Administrations, to allow completion of relevant documentation and to allow for the convening of meetings of creditors of the Companies to consider the CVA proposals, which is the most likely route for achieving the purpose of the Administrations. We note that the Administration Orders would, in any event, need to be extended to run in parallel to the CVAs (if approved) so the proposed application would cater for this eventuality also but on a conditional basis that if the Administrators conclude that a settlement cannot be achieved (or if once approved there is then a subsequent default) then the Companies would proceed into liquidation.
- In due course full details of the CVA proposals will be released so as to enable creditors to consider and vote upon the CVAs.
- Work has commenced to agree creditor claims. Further details will be circulated and an indication of agreed claims provided prior to any formal voting in the proposed CVAs.
- The Administrators have complied with their statutory reporting obligations in relation to the conduct of the directors.
- The Administrators continue to review which exit route from Administration for the Companies would be the most appropriate and for the benefit of creditors and will consult with the creditors' committees as appropriate (or the general body of creditors for BTL). The Administrators do not currently consider that placing the Companies into liquidation will benefit creditors generally. This is due to discussions with the Shareholders around their current proposal and potential implementation of CVAs. The Administrators propose that the Administrations of the Companies will continue during this process, to allow formal documentation and implementation of the proposals. This is likely to be much more difficult and costly if the Companies enter into liquidation. In the event that the CVAs do not proceed or if they are approved but there is a subsequent default then it is likely that the Companies would be placed into liquidation.
- The creditors of BTL agreed that the Administrators be discharged from liability per Paragraphs 98 and 99 of Schedule B1 of the Act immediately upon the Administrators' filing their final report to creditors and vacating office. In respect of BGP and BSP this will be obtained from the creditors' committees prior to closure of these Administrations.

Further information in respect of the realisation of assets is contained in the following sections of this report

### **3. ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNTS**

#### **3.1 Introduction**

Attached at Appendix 2 are receipts and payments accounts covering the period from 1 January 2014 to 30 June 2014 together with cumulative details of transactions from the date of the Administrators' appointment, in accordance with SIP7 (E&W)

In this section, we summarise the main asset realisations during the period and details of those assets yet to be realised

#### **3.2 Asset realisations**

There have been no material realisations in the period

#### **3.3 Estimated future realisations**

The Administrators continue to progress without prejudice settlement discussions with the Shareholders and a draft of the proposed settlement agreement was circulated to creditors, under cover of NDAs, for comment on 18 April 2014

Details of the proposals are currently confidential between the Shareholder, the Administrators and such creditors as have signed up to the requisite confidentiality agreements. In the view of the Administrators this presents the best outcome for creditors. Creditors will need to vote upon the proposals (which are likely to be implemented via CVAs of the Companies) and accordingly, in due course, full details will be made available to allow all creditors to properly consider the offer

In parallel, the Administrators continue to pursue a number of other potential asset realisations although these are either immaterial to the overall amount of creditor claims or subject to fundamental uncertainties



## **4. DISTRIBUTIONS TO CREDITORS**

### **4.1 Secured creditors**

There remain several, small parcels of stock which may be realised for the benefit of secured creditors and which may accordingly reduce the level of unsecured creditor claims

### **4.2 Preferential creditors**

The only preferential creditors currently known to the Administrators are former employees of BGP. The claims of the preferential creditors have not yet been formally agreed but are estimated to be in the region of c £50k (with the unsecured part of employee claims amounting to c £500k). Due to the uncertainty over the potential recoveries arising from the Administrations, it is not currently possible to estimate any quantum of dividend arising in relation to these claims.

### **4.3 Prescribed Part**

As noted in our first report, as there were no floating charges created by the Companies the Prescribed Part provisions will not apply.

### **4.4 Unsecured creditors**

The table below summarises the level of claims received compared to the values stated within the Companies' Statements of Affairs, prepared by the directors.

<b>£'m</b>	<b>Group</b>	<b>Steel</b>	<b>Trading</b>
Statement of Affairs	339.7	385.7	109.3
Claims received	321.9	337.3	101.4

We note that the above includes guarantee and inter-company claims and accordingly there will be an element of duplication when the amounts are totalled across all three Companies. Furthermore, various creditors are yet to have submitted their unsecured claims in the Administrations. The Administrators currently estimate total third party claims, eliminating possible duplication, in the region £395m - £410m (\$598m - \$620m at the exchange rates pertaining at the date of the administrations).

The Administrators have commenced work to agree unsecured claims. In the event that funds become available for distribution the Administrators will be required to advertise for claims which may result in additional creditors coming forward, accordingly, the estimates noted above may be subject to change.

## **5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS**

### **5.1 Extensions to the initial appointment period**

An initial extension of the Administration Orders has been given until 19 September 2014 by the creditors of the Companies. However, further work will be required to complete the ongoing consultations and finalise the necessary documents regarding the settlement and proposed CVAs. Moreover the Administrators wish to provide creditors a reasonable period of time to review the documents. Accordingly, the Administrators will apply to Court during the summer vacation to further extend the Administration Orders.

We note that the Administration Orders would need to be extended to run in parallel to the CVAs (if approved) so the proposed application would cater for this eventuality also but on a conditional basis namely that if the Administrators conclude that a settlement cannot be achieved (or if once approved there is then a subsequent default within the CVA) then the Companies would proceed into liquidation.

### **5.2 SIP2 (E&W) – Assessment of Potential Recoveries**

As noted in previous reports, recoveries are highly uncertain given the nature of the assets concerned and the jurisdiction of potential claims. It is the view of the Administrators that the current proposals represent the best recovery option for creditors. In due course, the CVA proposals will contain an estimate of the potential recovery for creditors.

### **5.3 Exit**

It is likely that if there is a successful implementation and completion of the CVAs the Companies will be returned to the Directors and the Administrations will come to an end. In the event that the CVAs do not proceed or if they are approved but there is a subsequent default then it is likely that the Companies would be placed into liquidation.

### **5.4 SIP13 (E&W) – Transactions with connected parties**

As noted in previous reports, the Companies traded with each other and their subsidiaries and other related parties, in the normal course of business.

In addition, sums were loaned to related parties to invest in other business activities. Investigations into these transactions have been taken as far as possible given the limited resources available to the Administrators and the powers available to the Administrators with regards to entities outside the scope and control of the Administrations. The statutory duty to report on the conduct of the Companies' directors has been fulfilled by the Administrators.

### **5.5 EC Regulations**

As stated in the Administration Orders in respect of the Companies, Council Regulation (EU) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

## 6. PRE-ADMINISTRATION COSTS

Included within the Administrators' Proposals dated 25 April 2013 was a Statement of Pre-Administration Costs, in accordance with rule 2.33(2)(ka) of the Rules

These costs were approved as detailed below

Company	Amount approved (£)	Date approved	Date paid
Balli Group plc	9,329.32	14/05/2013	21/11/2013
Balli Steel plc	9,329.32	14/05/2013	21/11/2013
Balli Trading Limited	9,329.32	14/05/2013	not yet paid
<b>TOTAL APPROVED</b>	<b>27,987.96</b>		

The Balli Trading Limited Pre-Administration Costs are yet to be paid, due to a lack of funds in the BTL Administration estate

## 7. ADMINISTRATORS' REMUNERATION AND EXPENSES

### 7.1 Administrators' Remuneration

#### 7.1.1 Basis of Remuneration

The basis of the Administrators' remuneration was fixed on 14 May 2013 by the creditors' committees for BSP and BGP, and by the creditors of BTL at a meeting of creditors held on 14 May 2013. The Administrators may charge remuneration by reference to the time properly given by the Administrators and their staff in attending to matters arising in the Administration calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work is performed, plus VAT.

#### 7.1.2 Remuneration

During the period of this report (1 January to 30 June 2014) the Administrators have incurred time costs of £661,979 made up of 904.8 hours at an average charge out rate of £731.63 per hour across all grades of staff, this time is charged in six minute increments. The total time charges to date are split between the Companies as follows:

	Hours	Total (£)	Avg. hourly rate (£/hr)
Balli Group plc	620.1	477,941	770.81
Balli Steel plc	279.1	182,302	653.30
Balli Trading Limited	5.7	1,736	304.47
<b>Total</b>	<b>904.8</b>	<b>661,979</b>	<b>731.63</b>

Since appointment, the Administrators have incurred total time costs of £3,106,566 made up of 5,418.25 hours, as shown in detail in Appendix 3. Of this sum, a total of £862,982 excluding VAT has been drawn and paid as indicated in the receipts and payments accounts at Appendix 2.

The work has been categorised into the following task headings and sub categories:

- **Administration and planning** includes case planning, case set-up, notification of appointment, maintenance of our case files and insolvency case record, reporting, compliance, cashiering and accounting
- **Investigations** includes investigating the Companies' affairs and in particular any antecedent transactions and also reporting on the conduct of its directors
- **Realisation of Assets** includes identifying, securing and insuring assets, disposal of stocks, collection of debts, realisation of other fixed assets and VAT and taxation matters
- **Trading** included the orderly cessation of trade, managing operations, accounting and employees (including pensions and other staff benefits)

- **Creditors** includes set-up of creditor records, creditor communications, preferential claims, unsecured claims, secured and employee claims

"A Creditors' Guide to Remuneration" is available for download at [www.deloitte.com/uk/sip-9-england-and-wales](http://www.deloitte.com/uk/sip-9-england-and-wales) Should you require a paper copy, please send your request in writing to the Administrators at the address on the front of this report and this will be provided to you at no cost

## Expenses

The Administrators' direct expenses for the period of this report are detailed in the tables below

No expenses have been paid by any of the Companies during the period of this report

### BGP

Nature of expenses	Total Incurred £
Travel	762 80
Asset tracing fees	4,548 76
Tax fees	1,415 00
<b>Total</b>	<b>6,726 56</b>

### BSP

Nature of expenses	Total Incurred £
Travel	58 50
Subsistence	12 00
<b>Total</b>	<b>70 50</b>

### BTL

Nature of expenses	Total Incurred £
Tax fees	10 00
<b>Total</b>	<b>10 00</b>

## 7.2 Charge out rates

The range of charge out rates for the separate categories of staff used during the Administrations are summarised below. Manager rates include all grades of assistant manager.

Grade	£ Sept 2012 – Aug 2014
Partners/Directors	605 to 950
Managers	305 to 720
Assistants and Support Staff	155 to 305

The above bands are specific to the Restructuring Services department partners and staff. In certain circumstances the use of specialists from other Deloitte departments such as Tax/VAT, Corporate Finance or Deloitte Real Estate may be required on the case. These departments may charge rates that fall outside the Restructuring Services department bands quoted above so, where such specialists have performed work on the case, average rates may also fall outside the Restructuring Services department bands.

All partners and technical staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

## 7.3 Other professional costs

As previously advised, Clifford Chance LLP have been retained by the Administrators to provide general legal advice as appropriate. In addition, Memery Crystal LLP have provided specialist advice on a particular matter where Clifford Chance were otherwise conflicted. The professional costs to date are summarised in the table below. All professional costs are reviewed and analysed before payment is approved.

Legal costs (net) Paid	Clifford Chance	Memery Crystal	Total (£)
Balli Group plc	167,808	7,500	175,308
Balli Steel plc	127,331	-	127,331
<b>Unpaid</b>			-
Balli Group plc	376,546	-	376,546
Balli Steel plc	285,721	-	285,721
<b>Total</b>	<b>957,406</b>	<b>7,500</b>	<b>964,906</b>

#### **7.4 Creditors' right to request information**

Any secured creditor or, unsecured creditor with the support of at least 5% in value of the unsecured creditors or, with leave of the Court, may, in writing, request the Administrators to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 2.47(1)(fa) and 2.48A of the Rules.

#### **7.5 Creditors' right to challenge remuneration and/or expenses**

Any secured creditor or, unsecured creditor with the support of at least 10% in value of the unsecured creditors or, with leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 2.109(4) of the Rules), reducing the amount or the basis of remuneration which the Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within 8 weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 2.109 of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.

**BALLI GROUP PLC, BALLI STEEL PLC AND BALLI TRADING LTD (ALL IN ADMINISTRATION)**  
**STATUTORY INFORMATION**

Company Name	Balli Group plc	Balli Steel plc	Balli Trading Ltd
Previous Names			
Proceedings	In Administration	In Administration	In Administration
Court	High Court of Justice	High Court of Justice	High Court of Justice
Court Reference	1387 of 2013	1388 of 2013	1386 of 2013
Date of Appointment	20 March 2013	20 March 2013	20 March 2013
Joint Administrators	Neville Barry Kahn, Philip Stephen Bowers and Carlton Malcolm Siddle  Deloitte LLP PO Box 810 66 Shoe Lane London EC4A 3WA United Kingdom	Neville Barry Kahn, Philip Stephen Bowers and Carlton Malcolm Siddle  Deloitte LLP PO Box 810 66 Shoe Lane London EC4A 3WA United Kingdom	Neville Barry Kahn, Philip Stephen Bowers and Carlton Malcolm Siddle  Deloitte LLP PO Box 810 66 Shoe Lane London EC4A 3WA United Kingdom
Registered office Address	c/o Deloitte LLP Hill House 1 Little New Street London EC4A 3TR	c/o Deloitte LLP Hill House 1 Little New Street London EC4A 3TR	c/o Deloitte LLP Hill House 1 Little New Street London EC4A 3TR
Company Number	02632984	03418142	02098770
Incorporation Date	26/07/1991	06/08/1997	11/02/1987
Company Secretary	Nasser Alaghband	Nasser Alaghband	N/A
Bankers	Credit Suisse	Credit Suisse	Credit Suisse
Auditors	BDO LLP	BDO LLP	BDO LLP
Appointment by	The High Court of Justice	The High Court of Justice	The High Court of Justice
Directors at date of Appointment	Nasser Alaghband Vahid Alaghband	Nasser Alaghband Vahid Alaghband	Nasser Alaghband Vahid Alaghband
Directors' Shareholdings	None	Vahid Alaghband – 1 share	Vahid Alaghband – 1 share



**Balli Group Plc  
(In Administration)**

**Administrators' receipts and payments account for the period  
20 March 2013 to 30 June 2014**

		Statement of Affairs Balances £	20 March 2013 to 31 December 2013 £	1 January 2014 to 30 June 2014 £	Total to 30 June 2014 £
<b>Receipts</b>	<b>Notes</b>				
Cash at Bank		2,269	5,627	-	5,627
Bank Interest Gross			1,304	311	1,615
Book Debts		1,409,282	24,599	-	24,599
Rates Refund			25,310	-	25,310
Telephone Refund			-	4,629	4,629
Foreign Exchange - Receipt of USD for GBP	1		259,004	-	259,004
Related Party Debtors			1,261,907	-	1,261,907
VAT Reclaimed			144,186	-	144,186
<b>Total Receipts</b>			<b>1,721,938</b>	<b>4,940</b>	<b>1,726,878</b>
<b>Payments</b>					
Foreign Exchange - Payment of GBP for USD	1		267,734	-	267,734
Wages & Salaries			129,883	-	129,883
Other Payroll Costs			442	-	442
Payments to Contractors			10,575	17,100	27,675
Contractor Expenses			132	66	198
Pre-Administration Costs			9,329	-	9,329
Administrators' Fees			691,820	-	691,820
Administrators' Expenses			10,872	-	10,872
Legal Fees			175,308	-	175,308
Legal Disbursements			4,074	-	4,074
Loan to Balli Steel plc	3		50,000	-	50,000
Loan to Balli Trading Limited	3		10,000	-	10,000
Telephone Costs			2,926	1,768	4,694
Press Costs			7,200	-	7,200
Storage Costs			1,822	8,303	10,125
Postage & Redirection			369	-	369
Statutory Advertising			131	-	131
Insurance of Assets			1,105	-	1,105
Bank Charges			200	100	300
VAT Receivable			180,870	1,904	182,775
<b>Total Payments</b>			<b>1,554,791</b>	<b>29,242</b>	<b>1,584,033</b>
<b>Balance In Hand - 30 June 2014</b>			<b>167,147</b>	<b>-24,302</b>	<b>142,845</b>

**Notes**

1) A significant proportion of the Companies business was transacted in USD. As such separate USD accounts are being maintained by the Administrators but have been translated above at the spot rate occurring on the date of appointment, being 1.5132 \$/£. In order to settle liabilities arising from the Administration (in currencies other than GBP), currency has been exchanged between the Companies to minimise losses arising from currency translation - the reason for the disparity between the receipt and payment shown is due to the prevailing exchange rate at the date of transfer being different to that at the date of appointment.

2) The amounts shown within the Statement of Affairs figures are the estimated realisable values provided by the directors in preparing the Statement of Affairs.

3) There have been insufficient funds to date realised by both Balli Steel plc and Balli Trading Limited to settle costs relating to statutory obligations and ongoing trading. As such, an intercompany loan has been provided from Balli Group plc which will be repayable upon Balli Steel plc and Balli Trading Limited realising sufficient funds.

## Appendix 2

2 of 3

### Balli Steel Plc (In Administration)

#### Administrators' receipts and payments account for the period 20 March 2013 to 30 June 2014

		Statement of Affairs Balances £	20 March 2013 to 31 December 2013 £	1 January 2014 to 30 June 2014 £	Total to 30 June 2014 £
<b>Receipts</b>	<b>Notes</b>				
Cash at Bank		28,052	24,915	-	24,915
Bank Interest Gross			92	55	147
Stock		122,300	85,653	-	85,653
Book Debts		8,950,967	14,053	-	14,053
Contribution to Costs Relating to Stock Realisations	3		48,224	-	48,224
Foreign Exchange - Receipt of GBP for USD	1		250,000	-	250,000
Transfer of monies from Balli Trading Limited	4		211,438	-	211,438
Amounts due from Related Parties		60,663,837	-	-	0
Loan from Balli Group plc	5		50,000	-	50,000
VAT Reclaimed			36,338	-	36,338
<b>Total Receipts</b>			<b>720,715</b>	<b>55</b>	<b>720,769</b>
<b>Payments</b>					
Foreign Exchange - Payment of USD for GBP	1		263,344	-	263,344
Creditor Winding-Up Petition Costs			4,336	-	4,336
Pre-Administration Costs			9,329	-	9,329
Administrators' Fees			171,162	-	171,162
Administrators' Expenses			1,030	-	1,030
Committee Expenses			665	454	1,118
Insurance of Assets			37,453	-	37,453
Legal Fees			127,331	-	127,331
Postage & Redirection			350	-	350
Statutory Advertising			131	-	131
Bank Charges			32	-	32
VAT Receivable			61,796	-	61,796
<b>Total Payments</b>			<b>676,959</b>	<b>454</b>	<b>677,413</b>
<b>Balance in Hand - 30 June 2014</b>			<b>43,755</b>	<b>-399</b>	<b>43,356</b>

#### Notes

1) A significant proportion of the Companies business was transacted in USD. As such separate USD accounts are being maintained by the Administrators but have been translated above at the spot rate occurring on the date of appointment, being 1.5132 \$/£. In order to settle liabilities arising from the Administration, currency has been exchanged between the Companies to minimise losses arising from currency translation.

2) The amounts shown within the Statement of Affairs figures are the estimated realisable values provided by the directors in preparing the Statement of Affairs.

3) Fees were agreed with financing parties to cover the work performed in relation to realising the stock over which they held security.

4) Funds have been transferred to reflect the most accurate ownership of funds between the Companies in Administration. This has occurred to reflect that the funds coming into the Balli Trading Limited account have been received in relation to transactions performed by Balli Steel plc.

5) An intercompany loan has been provided by Balli Group plc during the period to enable Balli Steel plc to settle liabilities as they fall due.

**Balli Trading Limited**  
(In Administration)

**Administrators' receipts and payments account for the period**  
**20 March 2013 to 30 June 2014**

		Statement of Affairs Balances £	20 March 2013 to 31 December 2013 £	1 January 2014 to 30 June 2014 £	Total to 30 June 2014 £
<b>Receipts</b>	<b>Notes</b>				
Cash at Bank	2	214,131	214,868	-	214,868
Bank Interest Gross			127	14	141
Loan from Balli Group plc	4		10,000	-	10,000
<b>Total Receipts</b>			<b>224,995</b>	<b>14</b>	<b>225,009</b>
<b>Payments</b>					
Transfer of Funds to Balli Steel plc	3		211,438	-	211,438
Statutory Advertising			131	-	131
Legal Fees			-	575	575
Bank Charges			25	-	25
VAT Receivable			26	85	111
<b>Total Payments</b>			<b>211,620</b>	<b>660</b>	<b>212,280</b>
<b>Balance in Hand - 30 June 2014</b>			<b>13,375</b>	<b>-646</b>	<b>12,729</b>

**Notes**

1) A significant proportion of the Companies business was transacted in USD. As such separate USD accounts are being maintained by the Administrators but have been translated above at the spot rate occurring on the date of appointment, being 1.5132 \$/£.

2) The amounts shown within the Statement of Affairs figures are the estimated realisable values provided by the directors in preparing the Statement of Affairs.

3) Funds have been transferred to reflect the most accurate ownership of funds between the Companies in Administration. This has occurred to reflect that the funds coming into the Balli Trading Limited account have been received in relation to transactions performed by Balli Steel plc.

4) There have been insufficient funds realised by Balli Trading Limited to settle costs relating to its statutory obligations. As such, an intercompany loan has been provided from Balli Group plc until realisations occur to enable Balli Trading Limited to perform those duties until a time at which it can repay those funds.

Time costs for the period 20/03/13 to 30/06/14

Bali Group plc (In Administration)

	Partners & Directors		Managers		Assistants & Support		TOTAL		Average Hourly Rate £ Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
<b>Administration and Planning</b>									
Cashiering and Statutory Filing	0 45	382 50	13 25	6,625 75	36 70	10,483 50	50 40	17,491 75	347 06
Case Supervision, Management and Closure	10 50	9 187 50	25 65	13,430 25	9 00	2,263 00	45 15	24,880 75	551 07
Initial Actions (e.g. Notification of Appointment, Securing Assets)	6 50	5,875 00	46 20	29,337 00	42 00	11,427 50	94 70	46,639 50	492 50
General Reporting	87 00	76,912 50	124 20	60,925 00	7 30	2,016 00	218 50	139,853 50	640 06
Liaison with Other Insolvency Practitioners	-	-	-	-	-	-	-	-	-
	104 45	92,357 50	209 30	110,318 00	95 00	26,190 00	408 75	228,865 50	559 92
<b>Investigations</b>									
Investigations	244 70	223,680 00	1,369 10	647,921 00	430 45	66,212 50	2,044 25	937,813 50	458 76
Reports on Directors' Conduct	11 00	9,625 00	31 00	15,485 00	-	-	42 00	25,110 00	597 86
	255 70	233,305 00	1,400 10	663,406 00	430 45	66,212 50	2,086 25	962,923 50	461 56
<b>Trading</b>									
Day 1 Control of Trading	-	-	-	-	-	-	-	-	-
Ongoing Trading	-	-	-	-	-	-	-	-	-
Monitoring Trading	-	-	16 00	11,520 00	-	-	16 00	11,520 00	720 00
Closure of Trade	-	-	-	-	-	-	-	-	-
	-	-	16 00	11,520 00	-	-	16 00	11,520 00	720 00
<b>Realisation of Assets</b>									
Book Debts	422 50	370,235 00	9 00	5,355 00	-	-	431 50	375,590 00	870 43
Other Assets (e.g. Stock)	3 50	3,062 50	43 00	30,960 00	-	-	46 50	34,022 50	731 67
	426 00	373,297 50	52 00	36,315 00	-	-	478 00	409,612 50	856 93
<b>Creditors</b>									
Employees	27 00	23,625 00	53 20	26,334 00	186 60	55,047 00	266 80	105,006 00	393 58
Unsecured	191 00	170,762 50	247 20	125,826 50	25 60	6,539 50	463 80	303,128 50	653 58
	218 00	194,387 50	300 40	152,160 50	212 20	61,586 50	730 60	408,134 50	558 63
<b>Other Matters Include.</b>									
Litigation	-	-	5 00	2,475 00	-	-	5 00	2,475 00	495 00
Pensions	-	-	-	-	-	-	-	-	-
Tax and VAT	91 80	95,162 00	49 00	46,063 00	20 70	5,977 50	161 50	147,202 50	911 47
	91 80	95,162 00	54 00	48,538 00	20 70	5,977 50	166 50	149,677 50	898 96
<b>TOTAL HOURS &amp; COST</b>	1,095.95	988,609 50	2,031 80	1,022,257 50	758 35	159,966 50	3,886 10	2,170,733 50	558 59

Time costs for the period 01/01/14 to 30/06/14

Balli Group plc (In Administration)

	Partners & Directors		Managers		Assistants & Support		TOTAL		Average Hourly Rate Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
<b>Administration and Planning</b>									
Cashiering and Statutory Filing	0 15	127 50	2 65	1 226 75	3 00	935 00	5 80	2 289 25	394.70
Case Supervision, Management and Closure	-	-	1 45	1,031 25	2 10	497 00	3 55	1,528 25	430 49
Initial Actions (e.g. Notification of Appointment, Securing Assets)	-	-	-	-	-	-	-	-	-
General Reporting	5 50	4,812 50	42 50	20,287 50	-	-	48 00	25,100 00	522 92
Liaison with Other Insolvency Practitioners	5 65	4,940 00	46 60	22,545 50	5 10	1,432 00	57 35	28,917 50	504 23
<b>Investigations</b>									
Investigations	14 25	13,092 50	25 25	9,707 50	4 00	970 00	43 50	23,770 00	546 44
Reports on Directors' Conduct	14 25	13,092 50	25 25	9,707 50	4 00	970 00	43 50	23,770 00	546 44
<b>Realisation of Assets</b>									
Book Debts	235 00	206,172 50	3 00	2,485 00	-	-	238 00	208,657 50	876 71
Other Assets (e.g. Stock)	-	262 50	5 00	3,600 00	-	-	5 00	3,337 50	667 50
	235 00	206,910 00	8 00	6,085 00	-	-	243 00	211,995 00	872 41
<b>Creditors</b>									
Employees	-	-	1 00	495 00	12 50	3,687 50	13 50	4,182 50	309 81
Unsecured	99 00	86,512 50	73 50	35,570 00	5 00	1,425 00	177 50	123,507 50	695 82
	99 00	86,512 50	74 50	36,065 00	17 50	5,112 50	191 00	127,690 00	668 53
<b>Other Matters Include</b>									
Litigation	-	-	5 00	2 475 00	-	-	5 00	2,475 00	495 00
Pensions	-	-	-	-	-	-	-	-	-
Tax and VAT	69 90	73,246 50	10 30	9,847 00	-	-	80 20	83,093 50	1,036 08
	69 90	73,246 50	15 30	12,322 00	-	-	85 20	85,568 50	1,004 33
<b>TOTAL HOURS &amp; COST</b>	423 80	383,701 50	169 65	86,725 00	26 60	7,514 50	620 05	477,941 00	770 81

Time costs for the period 20/03/13 to 30/06/14

Balli Steel plc (In Administration)

	Partners & Directors		Managers		Assistants & Support		TOTAL		Average Hourly Rate
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
<b>Administration and Planning</b>									
Cashiering and Statutory Filing	-	-	5 30	2,809 50	18 90	5,575 50	24 20	8,385 00	346 49
Case Supervision, Management and Closure	-	-	0 45	229 75	8 10	2,169 00	8 55	2,398 75	280 56
Initial Actions (e.g. Notification of Appointment, Securing Assets)	5 00	4,375 00	0 20	127 00	24 50	7,227 50	29 70	11,729 50	394 93
General Reporting	20 00	17,500 00	17 30	10,985 50	4 80	1,416 00	42 10	29,901 50	710 25
Liaison with Other Insolvency Practitioners	-	-	-	-	-	-	-	-	-
	25 00	21,875 00	23 25	14,151 75	56 30	16,388 00	104 55	52,414 75	501 34
<b>Investigations</b>									
Investigations	22 00	19,250 00	99 10	51,714 50	-	-	121 10	70,964 50	586 00
Reports on Directors' Conduct	36 00	31,500 00	94 80	47,906 00	-	-	130 80	79,406 00	607 08
	58 00	50,750 00	193 90	99,620 50	-	-	251 90	150,370 50	596 95
<b>Trading</b>									
Day 1 Control of Trading	2 00	1,750 00	-	-	-	-	2 00	1,750 00	875 00
Ongoing Trading	21 00	18,375 00	26 10	12,919 50	-	-	47 10	31,294 50	664 43
Monitoring Trading	-	-	-	-	-	-	-	-	-
Closure of Trade	-	-	-	-	-	-	-	-	-
	23 00	20,125 00	26 10	12,919 50	-	-	49 10	33,044 50	673 00
<b>Realisation of Assets</b>									
Book Debts	8 00	7,000 00	8 30	4,108 50	-	-	16 30	11,108 50	681 50
Other Assets (e.g. Stock)	53 00	46,375 00	387 50	244,842 50	-	-	440 50	291,017 50	660 65
Third Party Assets	-	-	26 00	12,870 00	-	-	26 00	12,870 00	495 00
	61 00	53,375 00	421 80	261,621 00	-	-	482 80	314,996 00	652 44
<b>Creditors</b>									
Employees	-	-	-	-	0 10	29 50	0 10	29 50	295 00
Unsecured	107 50	94,062 50	425 00	240,965 00	2 30	678 50	534 80	335,706 00	627 72
	107 50	94,062 50	425 00	240,965 00	2 40	708 00	534 90	335,735 50	627 66
<b>Other Matters Include</b>									
Litigation	-	-	-	-	-	-	-	-	-
Pensions	-	-	-	-	-	-	-	-	-
Tax and VAT	-	-	-	-	0 40	118 00	0 40	118 00	295 00
	-	-	-	-	0 40	118 00	0 40	118 00	295 00
<b>TOTAL HOURS &amp; COST</b>	274 50	240,187 50	1,090 05	629,277 75	59 10	17,214 00	1,423 65	886,679 25	622 82

Time costs for the period 01/01/14 to 30/06/14

Balli Steel plc (In Administration)

	Partners & Directors		Managers		Assistants & Support		TOTAL		Average Hourly Rate Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
<b>Administration and Planning</b>									
Cashiering and Statutory Filing	-	-	1 30	643 50	5 80	1,711 00	7 10	2,354 50	331 62
Case Supervision, Management and Closure	-	-	0 05	31 75	1 40	388 50	1 45	420 25	289 83
Initial Actions (e.g. Notification of Appointment, Securing Assets)	-	-	-	-	-	-	-	-	-
General Reporting	-	-	4 00	3,660 00	-	-	4 00	3,660 00	915 00
Liaison with Other Insolvency Practitioners	-	-	-	-	-	-	-	-	-
	-	-	5 35	4,335 25	7 20	2,099 50	12 55	6,434 75	512 73
<b>Realisation of Assets</b>									
Book Debts	-	-	-	-	-	-	-	-	-
Other Assets (e.g. Stock)	-	-	28 20	22,549 00	-	-	28 20	22,549 00	799 61
Third Party Assets	-	-	3 20	1,584 00	-	-	3 20	1,584 00	495 00
	-	-	31 40	24,133 00	-	-	31 40	24,133 00	768 57
<b>Creditors</b>									
Unsecured	29 50	25,812 50	205 60	125,922 00	-	-	235 10	151,734 50	645 40
	29 50	25,812 50	205 60	125,922 00	-	-	235 10	151,734 50	645 40
	-	-	-	-	-	-	-	-	-
<b>TOTAL HOURS &amp; COST</b>	29 50	25,812 50	242 35	154,390 25	7 20	2,099 50	279 05	182,302 25	653 30

Time costs for the period 20/03/13 to 30/06/14

Balli Trading Limited (In Administration)

	Partners & Directors		Managers		Assistants & Support		TOTAL		Average Hourly Rate Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
<b>Administration and Planning</b>									
Cashiering and Statutory Filing	0 20	170 00	14 00	8,710 00	18 90	5,575 50	33 10	14,455 50	436 72
Case Supervision, Management and Closure	-	-	0 50	281 50	9 80	2,572 50	10 30	2,834 00	275 15
Initial Actions (e.g. Notification of Appointment, Securing Assets)	-	-	0 20	127 00	23 10	6,814 50	23 30	6,941 50	297 92
General Reporting	3 00	2,625 00	1 30	825 50	4 80	1,416 00	9 10	4,866 50	534 78
Liaison with Other Insolvency Practitioners	-	-	-	-	-	-	-	-	-
	3 20	2,795 00	16 00	9,924 00	56 60	16,378 50	75 80	29,097 50	383 87
<b>Investigations</b>									
Investigations	9 00	7,875 00	12 60	6,237 00	-	-	21 60	14,112 00	653 33
Reports on Directors' Conduct	1 00	875 00	3 20	1,724 00	-	-	4 20	2,599 00	618 81
	10 00	8,750 00	15 80	7,961 00	-	-	25 80	16,711 00	647 71
<b>Creditors</b>									
Employees	-	-	-	-	0 10	29 50	0 10	29 50	295 00
Preferential	-	-	-	-	-	-	-	-	-
Secured	-	-	-	-	-	-	-	-	-
Shareholders	-	-	-	-	-	-	-	-	-
Unsecured	0 50	437 50	3 00	1,905 00	2 90	855 50	6 40	3,198 00	499 69
	0 50	437 50	3 00	1,905 00	3 00	885 00	6 50	3,227 50	496 54
<b>Other Matters Include:</b>									
Litigation	-	-	-	-	-	-	-	-	-
Pensions	-	-	-	-	-	-	-	-	-
Tax and VAT	-	-	-	-	0 40	118 00	0 40	118 00	295 00
	-	-	-	-	0 40	118 00	0 40	118 00	295 00
<b>TOTAL HOURS &amp; COST</b>	13 70	11,982 50	34 80	19,790 00	60 00	17,381 50	108 50	49,154 00	453 03



Time costs for the period 01/01/14 to 30/06/14

Balli Trading Limited  
(In Administration)

	Partners & Directors		Managers		Assistants & Support		TOTAL		Average Hourly Rate
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration and Planning	-	-	0 10	49 50	4 40	1,298 00	4 50	1,347 50	299 44
Cashiering and Statutory Filing	-	-	0 10	63 50	1 10	324 50	1 20	388 00	323 33
Case Supervision, Management and Closure	-	-	-	-	-	-	-	-	-
Initial Actions (e.g. Notification of Appointment, Securing Assets)	-	-	-	-	-	-	-	-	-
General Reporting	-	-	-	-	-	-	-	-	-
Liaison with Other Insolvency Practitioners	-	-	-	-	-	-	-	-	-
	-	-	0 20	113 00	5 50	1,622 50	5 70	1,735 50	304 47
	-	-	-	-	-	-	-	-	-
<b>TOTAL HOURS &amp; COST</b>	-	-	0 20	113 00	5 50	1,622 50	5 70	1,735 50	304 47