

The Insolvency Act 1986

Administrator's progress report

Name of Company Euro Dismantling Services Limited	Company number 02917688
In the High Court of Justice, Chancery Division [full name of court]	Court case number 2 of 2014

(a) Insert full name(s) and address(es) of administrator(s) We (a) Antony David Nygate and David Harry Gilbert of BDO LLP, 55 Baker Street, London W1U 7EU

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

(b) Insert date	From (b) 15 January 2014	to (b) 14 July 2014
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Signed

Joint administrator(s)

Dated

11-8-14

Contact details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

BDO LLP, 55 Baker Street, London W1U 7EU	
Our Ref	Tel 020 7893 3562
DX Number	DX Exchange



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15/08/2014

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COMPANIES HOUSE

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Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

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DX 9025 West End W1
www.bdo.co.uk

55 Baker Street
London W1U 7EU

11 August 2014

Please ask for Robert Feme
Telephone: 020 7893 3562

TO ALL KNOWN CREDITORS

Dear Sirs

Euro Dismantling Services Limited - in Administration (the 'Company')

It is now six months since my appointment in respect of the Company. In accordance with Rule 2.47 of the Insolvency Rules 1986 I am now reporting the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration.

1 Statutory Information.

The Joint Administrators are Antony David Nygate and David Harry Gilbert of BDO LLP, 55 Baker Street, London W1U 7EU and they were appointed in respect of the above Company on 15 January 2014. Under the provisions of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 the Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.

The Company's registered office is situated at 55 Baker Street, London W1U 7EU and its registration number is 02917688.

The Joint Administrators were appointed by Sean Nutley, being a director of the Company, pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the High Court of Justice, Chancery Division case number 2 of 2014.

2 Receipts & Payments

I enclose, for your information, a summary of my receipts and payments to date showing a balance in hand of £1,414,518, together with a copy of my abstract receipts and payments account for the last six month period. I would comment specifically on the following matters:

2.1 Receipts

2.1.1 Sale of Certain Business and Assets to Ark Environmental (UK) Limited ('Ark')

Immediately upon my appointment on 15 January 2014, the Joint Administrators entered into a sale of the business (including goodwill and other intangible assets), book debts, work in progress and contracts of 3 of the 4 trading divisions of the Company, together with the chattel assets and stock used to trade those divisions, to Ark. Ark paid consideration of £5m, which was paid in full upon completion of the transaction. This



consideration included an amount of £28,500 for chattel assets used by the acquired trading divisions, but owned by EDS Plant Solutions Limited ("EDSPSL"), an associated company that also entered Administration on 15 January 2014.

Within the terms of the transaction, certain book debts of the Company, totalling £1.2m, which were classified as irrecoverable, have also been acquired by Ark. The Company will receive 50% of any net collections from these debts. To date, we have received £66,637 in respect of irrecoverable book debts. Further detail on this transaction can be found in my letters dated 22 January 2014 and 10 March 2014, further copies available on request.

2.1.2 Sale of Certain Business and Assets to Eless Limited ('Eless')

After our appointment the remaining trading division of the Company ('DecoM'), which was not sold to Ark, continued to be marketed by the Joint Administrators. We received interest from a number of parties but only one offer, from Eless, was capable of being progressed and the sale was completed on 14 February 2014. Eless paid consideration of £1.5m which included an amount of £400,000 for chattel assets used by the division acquired by Eless, but owned by EDSPSL, which is therefore not available for the estate.

Eless is a wholly owned subsidiary of the secured creditor under the directorship of Sean Nutley.

2.1.3 Book Debts and Scrap Metals

During the period the DecoM division was being marketed for sale from Administration, I collected book debts owing to the division of £127,694. These book debts were specifically excluded from the sales to Eless and Ark.

Scrap metals had been delivered to scrap merchants by the Company prior to my appointment, but not billed. The scrap merchants were invoiced post-Administration for £139,202 plus VAT and these invoices have been paid in full.

2.1.4 Assignment of Book Debt

The records of the Company indicate it was owed c£2.4m by EDS Australasia Pty Limited ('EDSA'), an associated company situated in Australia. The issued share capital of EDSA was held by the Company's parent, EDS Group Holdings Limited ('EDSGHL') which also entered Administration on 15 January 2014.

Shortly after the Company entered Administration, BDO Australia was engaged to review the business of EDSA and to market it for sale. However, it became evident that EDSA was balance sheet and cash flow insolvent after it was forced to end its only live project, decommissioning a refinery in Adelaide, as it was unable to pay its creditors.

EDSGHL received an offer from Cheetah Print Limited ('CPL') a company funded by the secured creditor for its shares in EDSA. This offer represented the best outcome for the Administration estate, with the sale of the EDSGHL's shareholding in EDSA completing on 1 July 2014.

As part of the same transaction, the Company has assigned the book debt due from EDSA to CPL. Under the terms of the agreed sale, CPL paid £1 to take an assignment of the debt owed by EDSA with deferred consideration payable in the event CPL recovers any amounts in excess of the assignment value in the 12 month period following completion

of the assignment. As discussed in paragraph 5, below, the prescribed part in this Administration is at its maximum therefore any funds recovered from the assigned book debt will be payable to the secured creditor under its floating charge security.

2.2 Payments

As explained above, the sale to Ark did not include the business and assets of the DecoM division and these remained with the Company following its Administration. A small wind-down team was retained to assist me with securing and protecting the physical assets of the DecoM division. Wages and expenses of the wind down team in the sum of £85,448 have been settled; no further trading costs are anticipated.

Legal fees of £41,472 have been paid to Gateley LLP in respect of preparing legal documentation for the sale of the business and assets of the DecoM division to Eless and legal advice to the Administrators.

Accounting fees of £4,522 for preparing the directors' statement of affairs have been settled together with statutory bonding and insurance costs of £4,328.

In addition, I advise creditors that I am awaiting confirmation of the costs AgentCite has incurred, but not yet invoiced, in the post-Administration period in respect of ad hoc valuation and asset tracing support as part of the sale of chattel assets to Eless. Gateley LLP has also incurred, but not yet invoiced, fees and disbursements of £15,800 in respect of ad hoc legal advice on various Administration matters.

Payment of these additional costs remains subject to my review and agreement.

3 Pre Appointment Costs

The Joint Administrators' proposal included provision for pre appointment costs as set out below.

	Costs Incurred / Approved
Joint Administrators' fees and expenses prior to Administration appointment, in accordance with formal letter of engagement with the Company	£302,856
Legal fees payable to Gateley LLP in respect of their engagement with the proposed Joint Administrators	£75,005
Fees payable to AgentCite for expert chattel valuation advice	£10,400
Fees payable to Robert Pearce Costs Associates for expert book debt valuation advice	£6,165
Fees payable to Eddisons for expert property valuation advice	£7,500
TOTAL	£401,926

I can report that the pre appointment fees and costs set out have been approved in full by the secured creditor. At the time of this report all pre-Administration costs, with the exception of AgentCite, have been invoiced and settled.

4 Future of the Administration

Over the next six months I will continue to collect in any deferred consideration payable under the Ark sale agreement and the CPL debt assignment.

In addition, the records of the Company indicate it is owed a book debt of c£1.79m by EDS Canada Decommissioning Inc ('EDSCDI'), an associated company situated in Canada. EDSCDI entered a local insolvency process in 2013 and I understand that a small dividend may be payable to the unsecured creditors.

The Company also has a leasehold interest in 5 properties. Although the leases have no value to the Company, Ark and Eless occupied the properties under a licence with the Company as part of the terms of the sale agreements entered into. These licences have subsequently expired with the keys returned to the respective landlords.

Once all matters pertaining to the use of these properties has been finalised and the expenses of the Administration defrayed, the Company will move from Administration into Creditors' Voluntary Liquidation to allow the leases to be disclaimed and the prescribed part distributed. Antony David Nygate and David Harry Gilbert will be appointed as Joint Liquidators. This is in line with the Joint Administrators' proposals, which were deemed approved on 21 March 2014.

5 Prescribed Part

Under Section 176A of the Insolvency Act 1986 where after 15 September 2003 a company has granted to a creditor a floating charge, a proportion of the net property of the company must be made available purely for the unsecured creditors.

Based on present information the Joint Administrators estimate that the Company will have net property of c£6.27m after allowing for costs of the Administration and distributions to the preferential creditors. Accordingly, I anticipate there will be the maximum prescribed part available of £600,000 to distribute to the unsecured creditors of the Company. This amount is stated before deducting the associated costs of adjudicating claims.

6 Prospects for Creditors

6.1 Secured Creditor

As at the date of Administration, the secured creditor was owed £11.725m. The debt is secured by way of fixed and floating charge security over the assets of the Company and by separate fixed and floating charges over EDSPSL and the Company's parent companies EDS Group Holdings Limited and Silverdell Plc.

At the time of this report, the secured creditor has received distributions totalling £5,184,001 under the fixed and floating charge security granted by the above companies, including £5,024,201 paid by the Company.

It is expected that the secured creditor will suffer a significant shortfall under its security.

6.2 Preferential Creditors

The majority of the Company's staff transferred to Ark and Eless pursuant to the terms of Transfer of Undertakings (Protection of Employment) regulations prevailing at the time of the sales. However, a number of staff were made redundant from the DecoM division following the Administration of the Company and these employees' preferential creditor claims for unpaid wages and holiday are estimated to be in the region of £100,000. Based on current information, I anticipate the preferential creditors will be paid in full.

6.3 Unsecured Creditors

To date I have received notice of unsecured creditor claims in the sum of £7.66m. As discussed in paragraph 5, above, I anticipate there being funds available from the prescribed part to enable a distribution to be paid to the unsecured creditors of the Company.

7 Joint Administrators' Remuneration

In accordance with Rule 2.106(5A)(a) of the Insolvency Rules 1986, the Secured Creditor has approved the Joint Administrators' fees on a time cost basis.

Attached is a schedule that summarises the time costs drawn to date and indicates the work undertaken in that respect. I also provide at the end of this report an extract from the Insolvency Rules 1986 setting out the rights of creditors to request further information and/or challenge the remuneration or fees within the Administration.

8 Joint Administrators' Disbursements

Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements. I therefore report that since my appointment category 1 disbursements in the sum of £468.64 have accrued, but not yet paid, in respect of statutory bonding, advertising and specific case administration.

The creditors have previously been deemed to have approved that the Joint Administrators may draw category 2 disbursements in respect of postage, stationery, photocopying charges, telephone, fax and other electronic communications on the basis of £12.50 per creditor in the first year of the Administration and £6.25 per creditor in respect of each subsequent year, subject to the approval of the Secured Creditor. At the time of this report, I have not drawn any category 2 disbursements.

9 Other Matters

The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency practitioners. In the event that you make a complaint to me but are not satisfied with the response from me then you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

If you require any further information regarding this matter, please do not hesitate to contact my colleague, Robert Ferne, on the above number.

Please note the Joint Administrators act only as agents of the Company and without personal liability.

Yours faithfully
For and on behalf of
Euro Dismantling Services Limited


A D Nygate
Joint Administrator
Enc

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses:-

Rule 2.48A Creditors' request for further information

(1) If—

- (a) within 21 days of receipt of a progress report under Rule 2.47—
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
- (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2.47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2).

(2) The administrator complies with this paragraph by either—

- (a) providing all of the information asked for, or
- (b) so far as the administrator considers that—
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information.

(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—

- (a) the giving by the administrator of reasons for not providing all of the information asked for, or
- (b) the expiry of the 14 days provided for in paragraph (1),
and the court may make such order as it thinks just

(4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2.109(1B) by such further period as the court thinks just.

Rule 2.109 Creditors' claim that remuneration is or other expenses are excessive

(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4).

(1A) Application may be made on the grounds that—

- (a) the remuneration charged by the administrator,
- (b) the basis fixed for the administrator's remuneration under Rule 2.106, or
- (c) expenses incurred by the administrator,
is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate.

(1B) The application must, subject to any order of the court under Rule 2.48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses (continued):-

Rule 2.109 (continued)

(3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it.

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

(a) an order reducing the amount of remuneration which the administrator was entitled to charge;

(b) an order fixing the basis of remuneration at a reduced rate or amount,

(c) an order changing the basis of remuneration;

(d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,

(e) an order that the administrator or the administrator's personal representative pay to the Companies the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report.

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration.

Euro Dismantling Services Limited
In Administration

Summary of Joint Administrators' Receipts and Payments from 15 January 2014 (date of appointment) to 14 July 2014

	Estimated to realise Per Directors' Statement of Affairs *	Change in Period	Total
Assets Subject to Fixed Charge	£	£	£
Goodwill	96,274	96,274	96,274
Intellectual property	2	2	2
	<u>96,276</u>	<u>96,276</u>	<u>96,276</u>
Balance in Hand		96,276	96,276
		<u>96,276</u>	<u>96,276</u>
Assets Subject to Floating Charge			
Scrap at yards on appointment	139,202	139,202	139,202
Licence fee	-	7,706	7,706
Stock	125,000	125,000	125,000
Retentions	400,000	400,000	400,000
Work in progress	473,657	473,657	473,657
Assignment of EDSA book debt	-	1	1
Book debts	3,755,061	3,888,412	3,888,412
Business information, contracts and permits	6	66,642	66,642
Business equipment	1,221,500	1,221,500	1,221,500
Deferred consideration	-	-	-
Excluded book debts	127,694	-	-
Cash at bank	640,600	640,600	640,600
Petty cash	-	1,510	1,510
Interest gross	-	884	884
	<u>6,882,720</u>	<u>6,965,115</u>	<u>6,965,115</u>
Less costs to realise			
Wages & expenses of retained wind down team		85,728	85,728
Joint Administrators' pre-appointment fees		302,856	302,856
Joint Administrators' post-appointment fees		74,251	74,251
Legal fees and disbursements		116,477	116,477
Agents' fees		6,165	6,165
Security personnel		164	164
Accounting costs		4,522	4,522
Press office costs		3,756	3,756
Insurance and bonding		4,328	4,328
Bank charges		24,425	24,425
		<u>622,672</u>	<u>622,672</u>
Less Distributions to the Secured Creditor			
Distributions to R Capital under its floating charge security		5,024,201	5,024,201
Balance in hand		1,318,242	1,318,242
		<u>6,965,115</u>	<u>6,965,115</u>

BDO LLP
55 Baker Street
London
W1U 7EU

Antony David Nygate & David Harry Gilbert
Joint Administrators

11 August 2014

Summary of Time Charged and Rates Applicable for the Period From 13 January 2014 (date of appointment) to 14 July 2014

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR EXECUTIVE		EXECUTIVE		OTHER STAFF		GRAND TOTAL		AV RATE	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	£	
A. Pre-appointment Matters	213.80	140,680.40	203.95	77,922.25	239.65	74,340.95	6.96	1,056.08	18.35	4,007.86	10.50	4,420.50	713.43	301,835.83	424.51	
B. Steps on Appointment	34.00	22,372.00	9.50	3,440.50	71.50	20,711.73	9.00	1,548.00	27.25	4,764.73			151.23	51,837.00	349.34	
C. Planning and Strategy	4.00	2,632.00			12.35	3,471.25			1.00	112.00			17.23	6,215.25	358.23	
D. General Administration	3.00	1,974.00	10.25	3,360.60	60.55	22,290.80			235.10	44,851.10	1.50	131.50	310.90	72,608.00	233.64	
E. Asset Realisation/Dealing	27.00	17,766.00	20.00	7,320.00	140.05	47,519.80			23.00	4,627.00			210.03	77,232.80	387.69	
F. Trading Related Matters					15.40	5,590.50			1.00	197.00			16.40	5,787.50	352.90	
G. Employee Matters			61.70	20,331.10	71.55	14,056.60	7.05	1,804.60	101.65	19,607.70	51.90	5,296.10	297.83	61,096.10	205.12	
H. Creditor Claims					34.05	9,562.65			120.30	17,373.30			184.85	24,935.95	174.39	
I. Reporting	3.00	1,974.00	1.00	455.00	27.00	11,377.50			3.75	420.00			34.75	14,226.50	409.40	
J. Distribution and Closure					2.50	1,137.50							2.50	1,137.50	453.00	
	284.80	187,399.40	308.50	112,829.45	694.60	210,084.30	23.03	4,809.68	531.80	95,960.73	63.90	9,848.10				
													Net Total	1,908.63	620,932.45	325.33
													Other Disbursements		468.64	
													Billed		377,107.15	
													Grand Total		2,44,393.94	