

The Insolvency Act 1986

Administrator's progress report

Form 2.24B(CH)

Name of Company Aerotrim Group Limited	Company number 02954937
In the High Court of Justice Chancery Division Companies Court London (full name of court)	Court case number 1925 of 2013

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

We (a) Paul David Williams and Geoffrey Wayne Bouchier of Duff & Phelps Ltd , 43-45 Portman Square, London, W1H 6LY,

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

from

to

(b) Insert dates

(b) 14 March 2013

(b) 16 March 2013

Signed

Joint Administrator

Dated

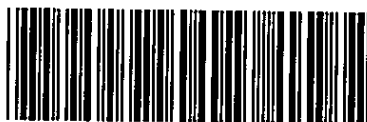
30/4/2013

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 available to members of

Duff & Phelps Ltd
43-45 Portman Square
London
W1H 6LY

Tel 020 7487 7240



A13 03/05/2013 #226
COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

FRIDAY

Progress Report to Creditors Aerotrim Group Limited (In Administration)

1 May 2013

Joint Administrators' Progress Report to Creditors
for the period from 14 March 2011 to 16 March 2013
pursuant to Rule 2.47(1) of the Insolvency Rules 1986 as amended



Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
Bibby	Bibby Financial Services Limited with whom the Company previously had an invoice finance facility, and the holder of a fixed and floating charge over the Company's assets
BNP Paribas	BNP Paribas Real Estate UK independent agents who have been instructed to value and sell the assets of the Company
the Appointment Date	14 March 2013 being the date of appointment of Paul David Williams and Matthew Peter Bond of Duff & Phelps
Clydesdale / the Secured Creditor	Clydesdale Bank plc with whom the Company banked and the holder of a fixed and floating charge over the Company's assets
Category 2 Disbursements	The Joint Administrators' internal costs and expenses in dealing with the Administration
the Company	Aerotrim Group Limited (In Administration) (Company Number 02954937)
CVA	Company Voluntary Arrangement
DBIS	The Department for Business Innovation and Skills
the Director	Paul Harrison, the Director of the Company
Duff & Phelps	Duff & Phelps Ltd , 43-45 Portman Square, London, W1H 6LY
HMRC	HM Revenue and Customs
Irwin Insolvency	Irwin Insolvency is the trading name of Financial Dynamics Consultants Limited
the Joint Administrators	Paul David Williams and Matthew Peter Bond, of Duff & Phelps However in view of the death of Matthew Peter Bond, in accordance with the Order with effect from 9 April 2013, Geoffrey Wayne Bouchier has been appointed as Joint Administrator
the Order	In view of the death on 16 March 2013 of, Matthew Peter Bond, a Block Transfer Order (High Court of Justice No 2623 of 2013) was obtained on the 9 April 2013, appointing Geoffrey Wayne Bouchier, a licensed Insolvency Practitioner of Duff & Phelps, as Joint Administrator
Prescribed Part	Pursuant to Section 176A of the Act where a floating charge is created after 15 September 2003 a designated amount of the company's net property (floating charge assets less costs of realisation) shall be made available to ordinary unsecured creditors

the Proposals Report	The Joint Administrators' Report to Creditors and Statement of Proposals to be issued on or before 4 May 2013
the Property	Freehold property situated at Unit 1, Roman Way, Crusader Park, Warminster, Wiltshire, BA12 8SP
the Reporting Period	the period 14 March 2013 to 16 March 2013
RPS	Redundancy Payments Service
the Rules	The Insolvency Rules 1986 (as amended)
SIP 9	Statement of Insolvency Practice 9 – industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and disbursements
SOA	Statement of Affairs, documentation to be supplied by the Director outlining the Company's financial position as at the Appointment Date

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- 4 Proof of Debt Form

Names of Joint Administrators: Paul David Williams
Matthew Peter Bond
Geoffrey Wayne Bouchier

Date of appointment: 14 March 2013

Date of report: 23 April 2013

Appointed by: Clydesdale Bank plc

Court reference: High Court of Justice No 1925 of 2013

In view of the death on 16 March 2013 of the Joint Administrator, Matthew Peter Bond, the Order was obtained on the 9 April 2013, appointing Geoffrey Wayne Bouchier, a licensed Insolvency Practitioner of Duff & Phelps Ltd, 43-45 Portman Square, London, W1H 6LY, as Joint Administrator

The Order provided for the formal removal of Matthew Peter Bond and released him from all liability in accordance with the Act and the Rules, such release to take effect 28 days after the date of this report

The Order also allowed for a proportion of the costs of the application to be recovered from the Administration such costs will not exceed £337

A creditor or member of the Company can apply to vary or discharge the Order by an application to court issued within 28 days of receipt of this report

Paul David Williams continues in office as Joint Administrator

**Duff & Phelps Ltd
43-45 Portman Square
London
W1H 6LY**

1. Introduction

- 1 1 Paul David Williams and Matthew Peter Bond were appointed on the Appointment Date by the Secured Creditor, the holder of a qualifying floating charge under Paragraph 14 of Schedule B1 the Act
- 1 2 The Court Reference is the High Court of Justice no 1925 of 2013
- 1 3 In accordance with Paragraph 100(2) of Schedule B1 to the Act the functions of the Joint Administrators may be exercised by any of the Joint Administrators
- 1 4 On 9 April 2013, in accordance with the Order, Geoffrey Wayne Bouchier was appointed in replacement of Matthew Peter Bond
- 1 5 The purpose of this report is to provide creditors with details of the progress of the Administration, in accordance with Rule 2.47(1) of the Rules for the Reporting Period

2. Background

- 2 1 Statutory information on the Company and a summary of its financial history is included at Appendix 1
- 2 2 The Company operated from a freehold property situated at Unit 1, Roman Way, Crusader Park, Warminster, Wiltshire, BA12 8SP
- 2 3 The Property was purpose built for the Company to enable heavy and large vehicles to enter the building. The business model for the Company was the renovation and interior fitting of such vehicles
- 2 4 The Company banked with the Secured Creditor and previously had an invoice discounting facility with Bibby

3. Events Leading up to the Administration

- 3 1 The Company experienced increasing creditor pressure in the period leading up to October 2012 due to a reduction in sales, resulting in a lack of revenue generation
- 3 2 The decline in sales resulted in increasing HMRC arrears of c£142,000 in Corporation Tax and c£26,000 in PAYE and NIC
- 3 3 The Company part paid these arrears and requested a time to pay arrangement with HMRC to repay the outstanding arrears of £102,000 with effect from 1 October 2012. The time to pay arrangement was accepted in writing by HMRC on 6 September 2012. However the Company failed to make the first payment
- 3 4 In October 2012 the Secured Creditor engaged Duff & Phelps to conduct a high level independent business review in order to evaluate the exit options available to the Secured Creditor
- 3 5 The Company sought insolvency advice from Irwin Insolvency and concluded that that a Company Voluntary Arrangement was the most appropriate course of action to resolve the Company's outstanding liabilities

- 3 6 HMRC issued a Winding-Up Petition on 30 January 2013, the petition was due to be presented to the Court on 18 March 2013
- 3 7 A CVA Proposal was issued by Irwin Insolvency on 31 January 2013. The terms of the CVA Proposal was repayment of unsecured non-preferential creditors 100p in the £ over a five year period. A creditors' meeting was convened for 14 February 2013, however the meeting was subsequently adjourned to 28 February 2013 to allow HMRC an opportunity to further consider the proposal.
- 3 8 HMRC rejected the CVA Proposal at the meeting on 28 February 2013 and agreed that Irwin Insolvency could convene a meeting in accordance with Section 98 of the Act to place the Company into Creditors' Voluntary Liquidation. Irwin Insolvency convened a Section 98 meeting for 15 March 2013.
- 3 9 In view of the Section 98 meeting being convened for 15 March 2013, the Secured Creditor had no option but to appoint Joint Administrators over the Company.
- 3 10 The Joint Administrators considered the position prior to accepting the appointment and having regard to the Insolvency Practitioners Association's ethical guidelines, considered that there were no circumstances preventing them from accepting the appointment.
- 3 11 Subsequently the Joint Administrators were appointed on the Appointment Date.

4. Purpose of the Administration

- 4 1 The purpose of an Administration is to achieve one of the following hierarchical objectives:
- Rescuing the company as a going concern, or
 - Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration), or
 - Realising property in order to make a distribution to one or more secured or preferential creditors.
- 4 2 In accordance with Paragraph 49(2) of Schedule B1 to the Act the Joint Administrators note the following:
- The first objective will not be achieved as there are insufficient funds and assets available to enable the Company to be rescued as a going concern.
 - The second objective will not be achieved as it is not considered likely that a better result for the Company's creditors as a whole will be achieved than if the Company was wound up.
 - The third objective will be achieved as it is anticipated that a dividend will be paid to the Secured Creditor.
- 4 3 The Joint Administrators' proposals for achieving the third objective will be set out in the Joint Administrators' Report and Proposals to be issued by no later than 4 May 2013.

5. Progress of the Administration

- 5 1 The manner in which the affairs and business of the Company have been managed, since the appointment of the Joint Administrators and will continue to be managed and financed are set out below

Decision not to trade

- 5 2 Following an evaluation of the business, the Joint Administrators took the decision not to trade the business for the following reasons
- 5 2 1 There was a risk that critical creditors would refuse to trade and/or impose ransom payments on the Company whilst in Administration, given that three of the Company's main creditors had already threatened legal action against the Company for non-payment of debt
- 5 2 2 The Company did not have sufficient working capital nor the existence of confirmed customer orders to fund any prolonged trading whilst in Administration. Furthermore, the Secured Creditor, was unwilling to fund any trading given the high level of HMRC arrears, the Winding Up Petition lodged by HMRC and the risks associated with trading in Administration
- 5 2 3 The risk of employees leaving or demanding higher salary payments due to the risk of trading on whilst in Administration and job insecurity
- 5 2 4 The Company did not have a secure sales pipeline
- 5 3 On the Appointment Date the Company therefore ceased to trade and the employees of the Company were provided with formal notification of their redundancy

Sale of Business and Assets

The Property

- 5 4 Immediately upon their appointment, the Joint Administrators instructed independent agents, BNP Paribas, to value and provide their recommendations on an appropriate marketing strategy for the Property
- 5 5 BNP Paribas have provided a valuation of £425,000 for the Property. The Joint Administrators are currently reviewing the marketing options available for the Property together with Clydesdale and BNP Paribas

Book Debts

- 5 6 Bibby has confirmed that on 4 March 2013 the invoice discounting facility they provided to the Company was repaid in full. Bibby has confirmed that it has filed the relevant documents at Companies House to release its security over the Company. As far as the Joint Administrators are aware as at the Appointment Date the Company's book debt ledger was nil

Investments

- 5 7 The Company's accountants have advised that investments totalling £450,100 relate to the purchase of shares in Aerotrim Systems Limited. Aerotrim Systems Limited was placed into Liquidation on 17 August 2011. There will therefore be no asset realisations in this regard

Goodwill

- 5 8 The Company's accountants have been unable to advise what the Company's goodwill totalling £2,500 is in respect of. This will form part of the Joint Administrators' investigations. It is not anticipated that there will be any asset realisations in this regard.

6. Investigations

- 6 1 The Joint Administrators' investigations into the Company's affairs are currently ongoing.
- 6 2 The Joint Administrators have a statutory obligation to file a report with DBIS regarding the conduct of the Directors that held office in the three years prior to the Administration. This report must be filed within six months from the Appointment Date and the content of this report is confidential.
- 6 3 The Joint Administrators also have a duty to investigate antecedent transactions which include
- Transactions at an undervalue, Section 238 of the Act,
 - Preferences, Section 239 of the Act, and
 - Transactions to defraud creditors, Section 423 of the Act.
- 6 4 The Joint Administrators have commenced their investigations and these remain on-going. Further information will be provided in the next progress report.
- 6 5 Should any creditor have any information which they consider may assist the investigations of the Joint Administrators, such information should be forwarded to Duff & Phelps, 43-45 Portman Square, London, W1H 6LY, marked for the attention of the Joint Administrator's.

7. Dividend Prospects / Prescribed Part

Secured Creditors

Clydesdale

- 7 1 In consideration for monies advanced under a loan facility, the Company granted Clydesdale a debenture dated 13 May 2008 which confers fixed and floating charges over the assets of the Company.
- 7 2 As at the Appointment Date, the Company's indebtedness to Clydesdale was approximately £709,000 subject to accruing interest and charges.
- 7 3 At this stage it is anticipated that there will be insufficient realisations to repay Clydesdale in full.

Bibby

- 7 4 Bibby has confirmed that on 4 March 2013 the invoice discounting facility it provided to the Company was repaid in full and they have filed the relevant documents at Companies House to release its security over the Company.

Preferential Creditors

- 7 5 As per the Company's records, estimated preferential claims total £21,844
- 7 6 Although the Joint Administrators are yet to receive notification of the preferential creditors' claims, at this stage, it is anticipated that there will be insufficient funds available to enable a distribution to preferential creditors
- 7 7 It is likely that a significant element of the preferential claim will be employees' claims which are mostly subrogated to the Secretary of State, following payment by the RPS

Prescribed Part

- 7 8 The Prescribed Part is calculated as a percentage of net property, is as follows -
- | | |
|-----------------------------------|--|
| Net property less than £10,000 | 50% unless the Joint Administrator considers that the costs of making a distribution to the non-preferential unsecured creditors would be disproportionate to the benefits |
| Net property greater than £10,000 | 50% up to £10,000 plus 20% thereafter to a maximum of £600,000 |
- 7 9 Although the security was created post 15 September 2003, based on current information, it is unlikely that there will be sufficient net realisations to enable a distribution from the Prescribed Part

Non-Preferential Unsecured Creditors

- 7 10 According to the Company's records, non-preferential unsecured creditors total £1,058,155. The non-preferential unsecured creditors can be summarised as follows

Creditor	Claim	
Trade & Expense Creditors	£	948,550
HMRC	£	161,157
Employees – Pay in Lieu of Notice & Redundancy Pay	£	Uncertain
Total	£	1,109,707

- 7 11 Based upon the current information available, it is anticipated that there will be insufficient realisations to enable a distribution to the non-preferential unsecured creditors of the Company
- 7 12 If not already done so creditors of the Company should complete the Proof of Debt Form at Appendix 4 and return same to the Joint Administrators

8. Joint Administrators' Receipts and Payments Account

- 8 1 A Receipts and Payments Account for the Reporting Period is attached at Appendix 2

9 Pre-Administration Costs

- 9 1 The Joint Administrators have not incurred any pre-administration time costs or expenses in respect of the Company
- 9 2 It should be noted that Duff & Phelps were paid £7,500 by the Director of the Company for completing an independent business review prior to the Joint Administrators' appointment

10. Joint Administrators' Costs and Expenses

- 10 1 The Joint Administrators' fees and disbursements are subject to the approval of the Secured Creditor. No steps have been taken by the Joint Administrators to fix the basis of the Joint Administrators' remuneration
- 10 2 The Joint Administrators' time costs for the period 14 March 2013 up to and including 16 March 2013 total £5,018. A schedule of these time costs is set out at Appendix 3. No remuneration has been drawn to date
- 10 3 The Joint Administrators have not incurred any expenses in the Reporting Period in dealing with the Administration of the Company
- 10 4 Category 2 disbursements as detailed at Appendix 3 are nil
- 10 5 Information regarding the fees and disbursements of Administrators, including details of the Duff & Phelps disbursements policy and hourly charge out rates for each grade of staff that may undertake work on this case, is in a document called "A Creditors' Guide to Administrators' Fees". This can be viewed and downloaded from the Joint Administrators' website at <http://www.duffandphelps.com/uk-restructuring/creditor-guides>. Should you require a copy, please contact this office.
- 10 6 In accordance with Rule 2.48A of the Rules, secured creditors and unsecured creditors (with the concurrence of at least 5% in value of total unsecured claims) may make a request in writing to the Joint Administrators for further information about the remuneration or expenses set out in this progress report. This should be done within 21 days receipt of this report, after which the Joint Administrators have 14 days to respond.
- 10 7 In addition to the above, any Secured Creditor, or any unsecured creditor (with the support of at least 10% in value of the unsecured creditors) or the permission of the court, may apply to the court on the grounds that the remuneration or basis fixed for the Administrators' remuneration or the expenses incurred by the Joint Administrators are considered to be excessive. In accordance with Rule 2.109 of the Rules, this application must be made no later than eight weeks after receipt of the Progress Report, where the charging of the remuneration or the incurring of expenses in question occurs.

11. Conclusion and Ending the Administration

- 11 1 The Proposals Report to be sent to all creditors and members on or before 4 May 2013 will consider the options available to the Joint Administrators for the exit from Administration.

12. Next Report

- 12 1 The Joint Administrators will be issuing their Report and Proposals on or before 4 May 2013
- 12 2 If you have any queries or require any further assistance, please do not hesitate to contact my colleague Francesca Turner of this office



Paul David Williams
Administrator

The affairs, business and property of the Company are being managed by the Joint Administrators, Paul David Williams and Geoffrey Wayne Bouchier who act as agents for the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association.

Appendix 1

Statutory information

Statutory Information

Date of Incorporation	2 August 1994
Registered Number	02954937
Company Director	Paul Colin Harrison
Company Secretary	N/A
Shareholders	Paul Colin Harrison – 150,000 Ordinary £1 Shares
Trading Address	Building 1 Roman Way Crusader Park Warminster Wiltshire BA12 8SP
Registered Office	Current: c/o Duff & Phelps Ltd 43-45 Portman Square London W1H 6LY Formerly Building 1 Roman Way Crusader Park Warminster Wiltshire BA12 8SP
Any Other Trading Names	N/A

Appendix 2

Joint Administrators' Receipts and Payments Account

Aerotrim Group Limited (In Administration)**Joint Administrators' Receipts and Payments Account for the period 14 March 2013 to 16 March 2013**

Statement of Affairs*		From 14 March 2013 to 16 March 2013	
£		£	
<hr/>		<hr/>	
	Receipts		
<hr/>	Nil	<hr/>	Nil
<hr/>		<hr/>	
	Payments		
<hr/>	Nil	<hr/>	Nil
<hr/>		<hr/>	
<hr/>	Balance	<hr/>	Nil
<hr/>		<hr/>	
	Represented By		
<hr/>		<hr/>	Nil
		<hr/>	

* A Statement of Affairs has not been received from the Director

Appendix 3

Analysis of Time Charged

Aerotrim Group Limited (In Administration)

Analysis of Joint Administrators' time costs for the period 14 March 2013 to 16 March 2013

Classification of Work Function	Hours					Total Hours	Time Cost	Avg Hourly Rate
	Partner	Manager	Senior	Assistant	Support			
Administration and Planning								
Dealings with Directors and Management	0 00	8 00	0 00	0 00	0 00	8 00	2,980 00	370 00
Statutory matters (Meetings & Reports & Notices)	0 00	1 25	2 50	0 00	0 00	3 75	1,087 50	290 00
Strategy planning & control	1 00	0 00	0 00	1 20	0 00	2 20	870 00	395 45
Insurance	0 00	0 00	0 00	0 40	0 00	0 40	100 00	250 00
Total Hours	1 00	9 25	2 50	1 60	0 00	14 35		349 65
Total Fees Claimed	570 00	3,422 50	625 00	400 00	0 00		5,017 50	

Category 2 Disbursements

There are no Category 2 disbursements

Appendix 4

Proof of Debt Form