

The Insolvency Act 1986

2.24B**Administrators' progress report**

Name of Company
L G A Limited

Company number
02990580

In the Cardiff District Registry
(full name of court)

Court case number
271 of 2014

(a) Insert full
name(s) andWe
Timothy Colin Hamilton Ball

Roderick John Weston

address(es)
administrator(s)

of Mazars LLP, Clifton Down House, Beaufort Buildings, Clifton, Bristol, BS8 4AN

administrators of the above company attach a progress report for the period

(b) Insert date

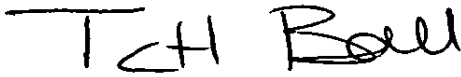
From

(b) 29 October 2014

To

(b) 23 April 2015

Signed


Joint Administrator

Dated

12 May 2015

WEDNESDAY

A15 20/05/2015 #329
COMPANIES HOUSE

L.G.A. Limited - In Liquidation (formerly in Administration)

Administrators' first and final progress report covering the period 29 October 2014 to 23 April 2015

To all known creditors

1. Statutory Information

- 1 1 You will recall that I was appointed Joint Administrator of the Company together with Mr Roderick John Weston on 29 October 2014. Both Mr Weston and I are authorised to act as Insolvency Practitioners in the UK by the Institute of Chartered Accountants in England and Wales. My address is Clifton Down House, Beaufort Buildings, Clifton, BS8 4AN.
- 1 2 The trading address, and former registered office, of the company was Birkett House, Abergarw Trading Estate, Brynmenyn, CF32 9LW. The business traded under the name L G A Limited.
- 1 3 The registered office of the company is now Clifton Down House, Beaufort Buildings, Clifton, BS8 4AN.
- 1 4 The Company's registered number is 02990580.
- 1 5 All acts required to be done by the joint administrators, may be done by either or both, acting jointly or alone.
- 1 6 Form 2 34B, notice of move from Administration to Creditors' Voluntary Liquidation, was filed at Companies House on 23 April 2015, and the Administration ceased to have effect on this date.

2. Details of Progress***Chattel Assets***

- 2 1 As creditors will be aware, immediately following my appointment I instructed my agents, Edward Symmons Limited (now Lambert Smith Hampton), to secure and value the Company's tangible assets, which included a large number of assets subject to finance agreements.
- 2 2 My agent's initial review estimated that assets free from finance had a realisable value of £133,450. In addition, I was advised that the Company held assets under finance agreements, with a value of £213,500, with estimated outstanding finance totalling £166,640, thus leaving an estimated total realisation for all chattel assets, net of finance, of £180,310.
- 2 3 My agent's initially recommended selling the Company's chattel assets through an online auction and preparations were commenced to enable this to happen. At this time, however, a

number of parties expressed an interest in a private treaty purchase of the Company's assets and, following some negotiation, an offer was received in the sum of £392,350

- 2 4 On the advice and recommendation of my agents, and given that the offer significantly exceeded my agent's valuation of the assets and various costs could be avoided by not holding an online auction this offer was accepted
- 2 5 I can now report that I have received the proceeds of this sale from my agents. Realisations have totalled £392,350, however the outstanding finance repayments only amounted to £137,670 (some £28,970 lower than initially anticipated by my agents), resulting in net realisations of £254,680, which are significantly higher than originally estimated by my agents

Book Debts and retentions

- 2 6 Following my appointment, I instructed my agents, Craigdam Services Limited ("Craigdam"), to review the Company's outstanding book debts and retentions and assist me with their collection
- 2 7 As previously reported, as a direct result of my actions, I have realised £168,723 from a total book debt for £198,756 due from Vale of Glamorgan Council. The remaining balance due from Vale of Glamorgan Council also has now been recovered, however it was received after the period of this report and is not included in the attached Receipts and Payments account
- 2 8 As creditors will be aware, in light of the fact that negotiations surrounding the repayment of this debt were conducted by my staff, Craigdam have agreed not to charge a percentage realisation fee in relation to this book debt
- 2 9 Following a detailed review, Craigdam advised that, excluding the above referenced Vale of Glamorgan book debt, the Company's remaining debtor ledger had a book value of approximately £288,575, in relation to around 60 projects, with an estimated realisable value of £83,000
- 2 10 Craigdam were, therefore, engaged to collect these outstanding balances on my behalf and have, to date, realised £76,462
- 2 11 The remaining book debts will continue to be pursued by Craigdam during the subsequent liquidation of the Company

Book debt re. Albert Birkett

- 2 12 Upon my appointment, I was made aware that one of the Company's directors, Mr Albert Birkett, had used the Company's resources in order to complete work on a private property
- 2 13 As creditors will be aware, I instructed my agent, Craigdam to review this 'contract' and the work that had been completed on the property in order to determine the value of the work carried out by the Company. Following Craigdam's detailed analysis of the Company's invoices and records, Craigdam calculated Mr Birkett's debt to be approximately £580,065,

however it was also accepted that Mr Birkett had certain counter claims against the Company and had also paid significant personal funds to the Company, which should reduce this debt. It is estimated, therefore, that the total now due to the Company amounts to some £409,566 (plus VAT, interest and costs)

- 2 14 Initial meetings took place between my staff, Mr Birkett and Mr Birkett's advisor in order to discuss Craigdam's findings. Mr Birkett disputed aspects of this claim and, subsequently, submitted significant counter claims including a claim for twenty years worth of holiday pay, totalling £80,000
- 2 15 As creditors may be aware, Mr Birkett, died recently, and my solicitors are now liaising with the representatives of his Estate
- 2 16 Due to the quantum of this debt, the disputes raised and the progression of repayment discussions to date, this matter was passed to my solicitors, Blake Morgan LLP
- 2 16 My solicitors issued a Letter of Claim in relation to the sum due and, after granting an extension for the period of response, solicitors on behalf of Mr Birkett's estate have recently responded to this Letter of Claim and have raised a number of disputes regarding my findings. This response is currently being considered with the assistance of my solicitors and the process of pursuing this debt will continue in the subsequent Liquidation

Lease

- 2 17 The Company's property, Birkett House, Abergarw Trading Estate, Brynmenyn, Bridgend, CF32 9LW, is owned by the Estate of Mr Albert Birkett, and it has been used by the business for a significant period of time. Having reviewed the relevant documentation, it is apparent that no formal lease had been arranged between Mr Birkett and the Company until 2014. In addition, my agents have confirmed that the lease has no premium value
- 2 18 Following my agent's review of the lease, I offered the landlord an informal surrender. My offer was, regrettably, rejected. Accordingly, following conversion to Liquidation, it is my intention to, with the assistance of my solicitors, disclaim the lease
- 2 19 The Company also had the benefit of a tenancy agreement for 0.24 acres of land at Rover Way, Cardiff Docks. Having reviewed this agreement, no value was present in the agreement and an informal surrender of the tenancy agreement was offered to the landlord. This informal surrender was accepted by the landlord on 27 January 2015

Refunds

- 2 20 Since my appointment I have submitted the Company's final VAT return and have successfully recovered a pre-Administration VAT refund of £12,631
- 2 21 Following the sale of the Company's vehicles, I have obtained road fund licence refunds, amounting to £1,473

- 2 22 Furthermore, following vacation of the Company's premises, I have obtained a non-domestic rates refund of £1,557

3. Joint Administrators' Receipts and Payments

I have now completed my administration of the Company. A summary of receipts and payments covering the period from 29 October 2014 to 23 April 2015 is attached at *Appendix A*

4. Assets still to be realised by the Liquidator

- 4 1 As detailed above, in sections 2 1 to 2 19, a number of Company assets remain to be realised, including the Company's book debts and a claim against the Estate of Mr Albert Birkett
- 4 2 Following conversion to Liquidation, the Liquidator has been passed £308,517 relating to the residual balance of funds from the Administration. In addition a VAT refund of £1,070 should be recoverable in the Liquidation, in relation to the VAT element of certain costs incurred during the Administration

Claim Against the Estate of Mr Albert Birkett

- 4 3 The Company's claim against the Estate of Mr Albert Birkett is substantial, however, it is not yet known what realisation may be achievable, due to a number of counter claims and disputes that have been presented. As detailed above, this matter is with my solicitors, Blake Morgan LLP, who will continue to assist me in respect of the realisation of this asset during the Liquidation

Other Book Debts

- 4 4 The balance due from Vale of Glamorgan Council, amounting to £31,706 was received by the Liquidator on 6 May 2015 and no further monies are owing in this regard. This receipt was received after the end of the Administration and will, therefore, be reflected in the Liquidator's subsequent reports
- 4 5 The remaining book debts and retentions will continue to be pursued with the assistance of my agents, Craigdam

5. Liabilities

5 1 Secured Creditors

The Company banked with National Westminster Bank ("NatWest" or "the Bank"), holding three accounts. NatWest have confirmed that it was granted the benefit of a legal debenture, created on 27 March 1995 and registered on 29 March 1995

I can confirm that I have written to the Bank on a number of occasions regarding the debenture and I am now waiting for a copy of the debenture to be sent to me. On receipt, this security documentation will be forwarded to my solicitors for review in order to determine its validity.

The Bank have, however, recently confirmed that the Company's bank account has been frozen and have submitted a final proof of debt claim form, in the sum of £181,555, in respect of an overdrawn bank account. At the present time, it is currently estimated that the Company's secured creditor will be paid in full from anticipated asset realisations.

In addition to the above sum, I have also been made aware the Company may have provided a guarantee in relation to a £250,000 loan provided by the Bank to Mr Birkett. I have not yet been provided with any documentation from the director or the Bank to confirm this.

It is my understanding that this additional, potential, liability, for which the Bank possesses security, exists outside of the Company and, if this guarantee does indeed exist, it is probable that this liability will be repaid without recourse to the Company.

5.2 Preferential Creditors

As at the date of my appointment, preferential creditors' claims were anticipated to amount to approximately £56,285. This is all in respect of the Company's former employees' claims for arrears of wages (up to a maximum limit of £800 per employee) and holiday pay.

At the present time, it is currently anticipated that the Company's preferential creditors will be paid in full in the Liquidation.

5.3 Unsecured Creditors

I have been advised by the Company's directors that the Company's trade and expense creditors' claims, excluding sums due to H M Revenue & Customs in relation to VAT, PAYE/National Insurance, and Corporation Tax, amounted to approximately £903,393.

In addition, as previously reported, I have received a claim in the sum of £83,302 from H M Revenue and Customs in respect of their non-preferential claim for VAT. I still await details of final sums due to H M Revenue & Customs in relation to PAYE/National Insurance and Corporation Tax.

In addition, it is estimated that the Company's former employees' unsecured claims will amount to approximately £266,948. Therefore, total unsecured claims are expected to exceed £1,253,643.

At the present time, it is currently anticipated that there will be sufficient funds realised to enable a modest dividend to be paid to unsecured creditors in the Liquidation.

5.4 Prescribed Part

In accordance with Section 176A of the Insolvency Act 1986, a proportion of the Company's net assets would be set aside for the benefit of the Company's unsecured creditors if the Company had granted a floating charge after 15 September 2003

In this instance, the Bank's debenture was created before 15 September 2003 and accordingly, the prescribed part will not apply in this case

6. Investigations

6.1 I undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of public interest, potential recoveries, and the funds likely to be available to fund an investigation and the costs involved

6.2 I can confirm that the Joint Administrators have reviewed the affairs of the Company for the period prior to Administration for the purpose of discharging their duties under the Companies Directors' Disqualification Act 1986

6.3 Creditors are reminded that the Administrators have a statutory obligation to consider the directors' conduct and to submit a return / report to the Department for Business, Innovation & Skills' Disqualification Unit. The Administrators can confirm that they have complied with this requirement

7. Pre-Administration Costs

7.1 My firm's pre-appointment time costs and disbursements amounted to £5,735, plus VAT. Following approval from creditors, I would confirm that this sum has been repaid to my firm as an expense of the Administration.

7.2 Full details of my pre-appointment time costs were reported to creditors previously in my proposals, dated 2 December 2014, and approval of their payment as an expense of the Administration was sought and obtained from the Company's unsecured creditors at a meeting held on 22 December 2014.

8. Administrators' Remuneration

8.1 My remuneration as Administrator has been fixed on the basis of the time properly spent by my staff and I in attending to matters arising in the Administration, as agreed by the Company's creditors on 22 December 2014.

8.2 Attached at *Appendix B* is a summary of my time costs for the period 29 October 2014 to 23 April 2015 in accordance with Statement of Insolvency Practice 9. During this period, 600 hours have been spent dealing with the administration of this case, at a cost of £121,170,

representing an average hourly rate of £202 To date, £112,000 has been drawn by the Joint Administrators

8 3 Attached at **Appendix C** are details of my firm's current charge-out rates, which are applicable to the grades of staff engaged on this case In addition, details are also provided in respect of the bases for charging allocated disbursements, which were approved by the Company's creditors

8 4 My disbursements total £7,140 of which, £7,131 have been reimbursed to my firm to date Details of the disbursements which have been incurred are, as follows -

	£
Wages payments to retained LGA	
Limited Staff	5,756
Administrators' specific bond	420
Photocopying/ postage	104
Travel/Mileage	513
Subsistence	55
Meeting Room Booking	292
	<hr/>
	£7,140

8 5 I would advise you that pursuant to rule 2 48A of the Insolvency Rules 1986, a secured creditor or an unsecured creditor with concurrence of at least 5% in value of the unsecured creditors or an unsecured creditor with permission of the court, may, within 21 days of receipt of this report, ask the administrator for further information about the remuneration and expenses set out in this progress report

8 6 Additionally, pursuant to rule 2 109 of the Insolvency rules 1986, a secured creditor or an unsecured creditor with concurrence of at least 10% in value of the unsecured creditors or an unsecured creditor with the permission of the court may, within 8 weeks of the receipt of this report, apply to the court on one or more of the following grounds

- the remuneration charged by the administrator, or
- the basis fixed for the administrator's remuneration, or
- expenses incurred by the administrator

is or are in all of the circumstances, excessive or inappropriate

8 7 A copy of the publication "A creditors guide to Administrators' Fees" which details the basis on which an Administrator's fees should be calculated is available to download from the website www.icaew.com/en/technical/insolvency/creditors-guides or alternatively will be provided free of charge upon written request to this office

9. Professional Advisors

9.1 The professional advisors used on this assignment are as follows

Name	Nature of Work	Basis of fee Arrangement
Craigdam Limited	Review, valuation and collection of the Company's contracts, book debts and retentions	Agreed fee re initial review and preliminary advice Percentage of realisations (excluding realisations from Vale of Glamorgan Council)
Edward Symmons Limited (also known as ES Group Limited)	Review valuation and sale of the Company's chattel assets	Percentage of realisations
Blake Morgan LLP	Legal advice regarding Administrators' appointment and general legal advice during the appointment, including the recovery of Mr Birkett's loan account balance	Time cost basis subject to Administrators' approval
Insol Financial Solutions Limited	Advice and assistance in respect of employee claims via the Redundancy Payments Office	Fixed fee agreed by Joint Administrators

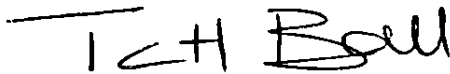
9.2 The Administrators' choice was based on their perception of the advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them

9.3 The Administrators' have reviewed the fees incurred to date and are satisfied that they are reasonable in the circumstances of the case

10. Summary

- 10 1 This is my final report as Joint Administrator. I enclose Form 2 34B notice of move from Administration to Creditors' Voluntary Liquidation, for your reference.
- 10 2 Form 2 34B has recently been filed with the Registrar of Companies, and the Administration ceased to have effect on 23 April 2015. At this date the company entered into Creditors' Voluntary Liquidation, and T C H Ball of Mazars LLP was appointed as Liquidator of the Company, as detailed in the Administrators' Proposals, dated 2 December 2014 and approved by the Company's creditors.
- 10 3 Funds totalling £308,517 have been transferred to the appointed Liquidator following the conclusion of the Administration.
- 10 4 The Liquidator will agree the claims of the Company's preferential, secured, and unsecured creditors, if/as appropriate, and make a dividend payment to them, once all asset realisations have been concluded and if realisations allow.

Should you have any queries regarding this matter, please do not hesitate to contact Christopher Colyer at this office.



T C H Ball
Joint Administrator

Dated 12 May 2015

T C H Ball is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales.

*The affairs, business and property of the Company are being managed by the Joint Administrators.
The Joint Administrators act as agents of the Company and without personal liability.*

L.G.A. Limited – In Liquidation (formerly in Administration)
**Administrators' Receipts & Payments
for the period from 29 October 2014 to 22 April 2015**

	Estimated to realise per Joint Administrators' Proposals	Total Realised / Paid Period from 29 October 2014 to 23 April 2015
	£	£
RECEIPTS		
Tangible Assets (net of finance)	224,360	254,680
Book debts and retentions	83,000	76,462
Book debt – Vale of Glamorgan	198,756	168,723
Book debt – Albert Birkett	Uncertain	-
HMRC Refund – Vehicle Licenses	-	1,473
HMRC Refund – Pre-appointment VAT	-	12,631
National Non domestic Rates Refund	-	1,557
Bank Interest Gross	-	70
	<u>506,116</u>	<u>515,596</u>
PAYMENTS		
Transfer to Liquidator		308,517
Pre-appointment Legal Fees		3,089
Pre-appointment Legal Disbursements		51
Plant I – Asset Tracking System		458
Mazars LLP Pre-appointment fees		5,723
Mazars LLP Pre-appointment disbursements		12
Joint Administrators' Fees		112,000
Joint Administrators' Disbursements		7,131
Agent's fees – Sale of Assets		39,100
Agent's disbursements – Sale of Assets		14,123
Debt Collection Fees		18,950
ERA Agents (re Employees)		1,925
Re-direction of mail		195
Statutory Advertising		150
Employee Tax & National Insurance Costs		1,866
Employee Wages		1,214
Bank Charges		22
Net VAT Receivable (to recover in Liquidation)		1,070
		<u>616,596</u>
BALANCE OF FUNDS		<u>NIL</u>

Statement of Affairs

In accordance with paragraph 47 of Schedule B1 of the Insolvency Act 1986 the Company's directors were requested to prepare a Statement of Affairs

By the date of this report, however, a Statement of Affairs is yet to be received and, accordingly, the Joint Administrators' current estimated realisations are included above

L.G.A. Limited – Formerly in Administration now in Liquidation

The Joint Administrators' time costs for the period 29 October 2014 to 23 April 2015 are further analysed below, for the benefit of creditors, by reference to the grade of staff involved with the case and the tasks on which they have been engaged -

Grade of staff Classification of work function	Hours				Total hours per activity	Total time costs per activity £	Average hourly rate per activity £
	Partner	Director	Senior Manager/ Manager	Administrators and other support staff			
Administration & planning	2 1	4 0	4 0	9 4	19.5	4,543	233
VAT and taxation matters	0 6	-	1 5	5 1	7.2	1,300	180
Investigations	1 7	-	5 1	18 9	25.7	4,434	173
Securing and realising assets (including debtors, etc)	15 1	60 5	61 6	50 2	187.4	53,700	287
Trading	0 6	-	6 3	11 9	18 8	3,675	195
Employees	-	2 5	6 0	10 0	18.5	3,811	206
Correspondence with creditors	8 5	6 5	9 5	71 9	96.4	15,034	156
Reporting to creditors	4 8	2 0	10 5	39 8	57.1	10,792	189
Cashiering	2 4	-	5 1	23 3	30.8	5,367	174
Statutory reporting & compliance	1 0	-	21 3	116 7	139.0	18,514	133
Total hours per grade of staff	36.8	75.5	130.9	357.2	600.4		
Total time costs per grade of staff (£)	14,536	27,180	43,852	35,602		121,170	
Average hourly rate (£)	395	360	335	100			202

L.G.A. Limited – Formerly in Administration now in Liquidation

A more detailed explanation of the work carried out is summarised below -

Administration and Planning

- Includes case planning and strategy, case set-up and case administration

Taxation

- Initial notifications to HMRC
- Correspondence with HMRC in respect of VAT, Corporation Tax issues, submission of returns
- Submitting PAYE reports

Investigations

- Correspondence with directors for completion of CDDA questionnaires and their requirement to prepare statement of affairs
- Investigation of Company's affairs and conduct as outlined in the Insolvency Act 1986 and Statement of Insolvency Practice 2
- Preparing a submitting report on the conduct of directors in accordance with CDDA requirements

Realisation of assets

Property related matters -

- Liaising with landlord
- Reviewing lease agreements and seeking agents' advice
- Discussions with interested parties
- Discussions with property owner re possible transfer to the Company

Dealing with chattel assets -

- Instructing and liaising with agents to value and realise assets
- Considering security of assets
- Negotiations and discussions with interested parties
- Agreeing the sale of assets and determining strategy re removal, etc
- Liaising with HP/ leasing creditors re third party goods

Retention of title -

- Liaising with creditors re retention of title claims received
- Considering the validity of claims

Insurance matters -

- Arranging insurance cover
- Supervising a site visit from insurance cover
- Dealing with insurance matters as and when they arise

Sale of business

- Liaising with interested parties

Book debts

- Instructing quantity surveyor
- Liaising with certain debtors
- Liaising with, and managing quantity surveyor
- Banking of debtor receipts

Director loan account

- Investigating position regarding loan account
- Liaising with quantity surveyor and retained employee to quantify debt
- Corresponding with director, and his advisors, regarding outstanding debt
- Instructing and liaising with solicitors to pursue the outstanding balance
- Notifying directors' and officers' insurer of debt and possible claims which may arise

Trading

- Considering the viability of trading
- Forecasts re costs of ongoing trading
- Monitoring and supervising trading
- HR/Employee related issues, staff management
- Dealing with suppliers
- Dealing with customers
- Making payments where necessary

Employees

- Instructing and corresponding with Insol Employee Solutions Ltd
- Assisting redundant staff, RP1 claim forms, RP14 and RP14A
- Gathering payroll information
- Liaising with Redundancy Payments Office
- Liaising with former employees as necessary

Creditors

- Liaising with creditors and dealing with creditor related issues

Reporting

- Preparation of Administrators proposals and forms for initial meeting of creditors
- Conducting creditors' meeting
- Reporting results of meeting to creditors
- Periodic statutory reporting requirements
- Reporting to Secured Creditor
- Conversion from Administration to Liquidation

Cashiering

- Establishing set up of case details on IPS
- Setting up bank account
- Case maintenance of bank accounts and periodic reconciliations
- Issuing and banking cheques, electronic transfers

Statutory & Compliance

- Preparation and lodgement of statutory appointment documents
- Initial notices following appointment
- Case monitoring and statutory compliance, internal case reviews
- Case bordereau

L G.A Limited – In Liquidation (formerly in Administration)**Guidance for creditors on charge out rates and allocated disbursements*****Charge out rates***

The following grades of personnel have worked on this case. Their current charge out rates are set out below.

Grade of personnel	Current charge out rate per hour, effective from 1 September 2014 (£)
Partner	395
Director	360
Senior manager	335
Senior administrator	200
Insolvency administrator	75 – 130
Cashier	100 – 130
Secretary and support staff	40 – 85
Taxation Manager	150 – 210
Taxation Administrator	40 – 82

In common with other professional firms, our charge out rates increase from time to time over the period of administration of a case.

Allocated disbursements

Details of the approved bases for charging allocated disbursements are set out below.

- Meeting room charge for statutory meetings, charged at £60 per meeting summoned (members' and creditors' meetings on the same day treated as one meeting)
- Document storage – £3.50 per box per annum, based on the cost charged by the storage company for storage of boxes and files of records and allocated on the basis of the number of boxes per case and a one-off cost of £2.60 per box for the acquisition of the storage boxes. Secure disposal is charged at £1.70 per box.
- Facsimiles are charged at £1 per page and photocopying is charged at a cost of 5p per page.
- Business rate mileage, at a cost of between 45p and 80p per mile in relation to the running costs of different classes of vehicle.

- Electronic verification of individual's identity for money laundering purposes, charged at £2.50 per individual or £10.00 per company (where applicable)

It should be noted that the above costs might increase from time to time. However, this would only be as a result of inflationary increases or in line with increases from my suppliers. All other disbursements are simply recovered at cost.