

The Insolvency Act 1986

Administrator's progress report**2.24B**

Name of Company Powder Coaters Limited	Company number 03028021
In the Leeds District Registry	Court case number 1884 of 2003

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

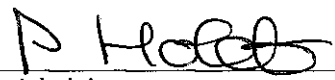
We (a) N A Brackenbury & C P Holder
5th Floor Airedale House
77 Albion Street
Leeds
LS1 5AP

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

(b) Insert dates

from	to
(b) 1 December 2003	(b) 31 May 2004

Signed


Joint Administrator

Dated 29 June 2004

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

	Tel
DX Number	DX Exchange

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COMPANIES HOUSE

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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

POWDER COATERS LIMITED - IN ADMINISTRATION

ADMINISTRATORS' PROGRESS REPORT

COVERING THE PERIOD 1 DECEMBER 2003 TO 31 MAY 2004

To all known creditors

1 STATUTORY INFORMATION

- 1.1 I was appointed Administrator of the Company jointly with Peter Holder on 1 December 2003 ("Administrators") by Leeds District Registry. Peter Holder and I are licensed to act by the Institute of Chartered Accountants in England & Wales (9093) and the Insolvency Practitioners' Association (8269) respectively. The application for the appointment of Administrators was presented by The Marketing Company (Yorkshire) Limited.
- 1.2 The Court reference number is 1884/2003 at the High Court, Chancery Division, Leeds District Registry, 1 Oxford Row, Leeds.
- 1.3 The trading address of the Company is Unit 3, Holmfield Industrial Estate, Holmfield, Halifax, HX2 9TN. Its registered number is 03028021.
- 1.4 The registered office of the Company is c/o Kroll, 5th Floor, Airedale House, 77 Albion Street, Leeds, LS1 5AP.
- 1.5 Any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Administrators acting jointly or solely.

2 DETAILS OF PROGRESS

- 2.1 As detailed in my report of 26 January 2004 the major assets at the Company's premises were on finance agreements, the only significant assets remaining were stock, work in progress and debtors.
- 2.2 I decided to trade the business in order to maximise realisations of the Company's assets. Whilst trading, I marketed the business for two weeks and received interest from four parties. Given an expeditious sale was appropriate I completed the sale of the business on 16 December 2003 to TMC (Yorkshire) Ltd t/a ColourCo.
- 2.3 The business was sold as a going concern which secured the jobs of nine employees.

3 ADMINISTRATOR'S RECEIPTS AND PAYMENTS

- 3.1 A summary of receipts and payments covering the period from the date of my appointment to 31 May 2004 is attached at Appendix B. This shows £33,248 has been realised from the sale of the stock and computer equipment.

4 ASSETS STILL TO BE REALISED

- 4.1 The only remaining assets to be realised are the pre-appointment debts. At the date of appointment the debtors ledger was £86,500. Under the sale agreement the purchaser, TMC (Yorkshire) Ltd, is collecting the debts on a commission basis.
- 4.2 To date book debt realisations are circa £50,000. Future realisations are expected to be minimal as these debtors are either claiming set-off or the invoices were paid prior to my appointment.
- 4.3 Other debtors and directors' loans total £71,000 and £25,000 respectively. Realisations from these sources have not been included in the estimated outcome statement as I am currently investigating the validity of these payments.

5 ADMINISTRATORS' REMUNERATION

- 5.1 The Administrators' remuneration will be fixed by reference to time properly given by them and their staff in attending to matters arising from the Company's Administration, in accordance with the Statement of Insolvency Practice number 9 issued by the Society of Practitioners of Insolvency. I have received confirmation from the secured creditor and the Department of Trade and Industry that the Administrators are authorised to draw remuneration as and when funds are available. A creditors' guide to Administrators' fees is attached at Appendix C.

6 ESTIMATED OUTCOME STATEMENT

- 6.1 An estimate of the outcome of the Administration is attached at Appendix A.
- 6.2 Based on present information, there will be no dividend payable to the preferential and unsecured creditors.
- 6.3 Furthermore, as the National Westminster Bank plc's floating charge pre-dates 15 September 2003, there is no prescribed part available to the unsecured creditors of the Company and accordingly it is not necessary to consider an application to court pursuant to Section 176A(5).

7 ENDING THE ADMINISTRATION

- 7.1 As set out in my proposals previously, I can confirm that once all assets have been realised, and if, as anticipated, there are no funds available to unsecured creditors, I propose filing a notice pursuant to part 84 of Schedule B1 together with our final progress report at court and with the Registrar of Companies for the dissolution of the Company. I shall send copies of these documents to the Company and the creditors. The appointment will end following the registration of the notice by the Registrar of Companies. If funds become available to the unsecured creditors, I shall consider an alternative route.

7.2 It is anticipated that the Administration will be brought to a close in December 2004.

Yours sincerely
For and on behalf of Powder Coaters Limited



pp **N A Brackenbury**
Joint Administrator

Appendix A

Powder Coaters Limited (In Administration) Estimated Outcome Statement as at 31 May 2004

	Receipts and Payments to date (£)	Estimated Future Cashflows (£)	Total (£)
Assets Subject to Fixed Charge			
Goodwill	1	-	1
Intellectual Property	<u>1</u>	<u>-</u>	<u>1</u>
Available to Secured Creditor	2	-	2
Assets Subject to Floating Charge			
Debtors	50,000	5,000	55,000
Other Debtors	-	-	-
Plant and Machinery	2,000	-	2,000
Stock and Computer Equipment	33,000	-	33,000
Trading Surplus	<u>8,000</u>	<u>-</u>	<u>8,000</u>
	93,000	5,000	98,000
Less:			
Administrators' Fees	-	(25,000)	(25,000)
Administrators' Disbursements	-	(3,000)	(3,000)
Advisory Fee	(5,000)	-	(5,000)
Legal Fees	-	(10,000)	(10,000)
Agents Fees	<u>(3,000)</u>	<u>-</u>	<u>(3,000)</u>
Available to Preferential Creditors	85,000	(33,000)	52,000
Preferential Creditors	<u>-</u>	<u>-</u>	<u>-</u>
Available to Secured Creditor	85,000	(33,000)	52,000
Balance in Hand	86,000		
VAT Liability	<u>(500)</u>		
	<u><u>85,000</u></u>		

Appendix B

Powder Coaters Limited
(In Administration)
Joint Administrator's Abstract of Receipts & Payments

	From 01/12/2003 To 31/05/2004 £	From 01/12/2003 To 31/05/2004 £
SECURED ASSETS		
Goodwill	1.00	1.00
Intellectual Property	1.00	1.00
	<u>2.00</u>	<u>2.00</u>
SECURED CREDITORS		
Nat West Bank Plc	Nil	Nil
	<u>Nil</u>	<u>Nil</u>
HIRE PURCHASE		
Plant & Machinery	Nil	Nil
Finance Company	Nil	Nil
	<u>Nil</u>	<u>Nil</u>
ASSET REALISATIONS		
Plant & Machinery	2,000.00	2,000.00
Motor Vehicles	Nil	Nil
Stock	33,248.00	33,248.00
Book Debts	49,370.21	49,370.21
Directors Loan Account	Nil	Nil
Other Debtors	Nil	Nil
Bank Interest Net of Tax	38.63	38.63
Trading / Surplus (Deficit)	9,246.56	9,246.56
	<u>93,903.40</u>	<u>93,903.40</u>
COST OF REALISATIONS		
Advisory Fee	5,000.00	5,000.00
Agents/Valuers Fees (1)	3,000.00	3,000.00
Statutory Advertising	85.68	85.68
Bank Charges	24.85	24.85
	<u>(8,110.53)</u>	<u>(8,110.53)</u>
UNSECURED CREDITORS		
Trade & Expense Creditors	Nil	Nil
Inland Revenue	Nil	Nil
Customs & Excise	Nil	Nil
Corp Tax	Nil	Nil
	<u>Nil</u>	<u>Nil</u>
	<u>85,794.87</u>	<u>85,794.87</u>
REPRESENTED BY		
Floating Current A/c (GMW)		2,342.07
Floating Deposit A/c		84,000.00
Vat Payable		(346.09)
Vat Control Account		(201.11)
		<u>85,794.87</u>

Appendix B

Powder Coaters Limited
(In Administration)
Joint Administrator's Trading Account

	From 01/12/2003 To 31/05/2004 £	From 01/12/2003 To 31/05/2004 £
POST APPOINTMENT SALES		
Sales	11,309.56	11,309.56
Miscellaneous Income	9.45	9.45
	<hr/>	<hr/>
	11,319.01	11,319.01
OTHER DIRECT COSTS		
PAYE & NIC	567.42	567.42
	<hr/>	<hr/>
	(567.42)	(567.42)
TRADING EXPENDITURE		
Insurance	1,364.69	1,364.69
Hire of Equipment	97.14	97.14
Sundry Expenses	43.20	43.20
	<hr/>	<hr/>
	(1,505.03)	(1,505.03)
	<hr/>	<hr/>
TRADING SURPLUS / (DEFICIT)	9,246.56	9,246.56
	<hr/>	<hr/>

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES**ENGLAND AND WALES****1 Introduction**

- 1.1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

2 The nature of administration

- 2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court in order to achieve one or more of the following statutory purposes:
- the survival of the company and its business in whole or in part;
 - the approval of a company voluntary arrangement;
 - the sanctioning of a scheme under section 425 of the Companies Act 1985;
 - a better realisation of assets than would be possible in a liquidation.
 - Administration may be followed by a company voluntary arrangement or liquidation.

3 The creditors' committee

- 3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is established at the meeting of creditors which the administrator is required to hold within 3 months of the administration order to consider his proposals. The administrator must call the first meeting of the committee within 3 months of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide such information as it may require.

4 Fixing the administrator's fees

4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.47 of the Insolvency Rules 1986, which states that it shall be fixed either:

- as a percentage of the value of the property which the administrator has to deal with, or
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration.

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is fixed as a percentage fix the percentage to be applied. Rule 2.47 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case;
- any responsibility of an exceptional kind or degree which falls on the administrator;
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the property which the administrator has to deal with.

4.2 If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration may be fixed in any of these ways, it will be fixed by the court on application by the administrator.

5 What information should be provided by the administrator?

5.1 When seeking fee approval

5.1.1 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on:

- the nature of the approval being sought;
- the stage during the administration of the case at which it is being sought; and
- the size and complexity of the case.

5.1.2 Where, at any creditors' or committee meeting, the administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.

5.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff:

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:

- Any significant aspects of the case, particularly those that affect the amount of time spent.
- The reasons for subsequent changes in strategy.
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make.
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement.
- Any existing agreement about fees.
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees.

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases.

- 5.1.4 Where the fee is charged on a percentage basis the administrator would provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by an administrator or his staff.

5.2 After fee approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out.

5.3 Expenses and disbursements

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements. However, professional guidance issued to insolvency practitioners requires that, where the administrator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the administrator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

6 What if a creditor is dissatisfied?

- 6.1 If a creditor believes that the administrator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the court orders otherwise, the costs must be paid by the applicant and not as an expense of the administration.

7 What if the administrator is dissatisfied?

- 7.1 If a creditor believes that the administrator considers that the remuneration fixed by the creditors' committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient, he may apply to the court for it to be increased. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

8 Other matters relating to fees

- 8.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 8.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

Appendix D

1 Nature of assignment

The purpose of the administration was to achieve one of the following objectives:-

- Rescue the company as a going concern or,
- Achieve a better result for the company's creditors as a whole than would be likely if the company were wound up or,
- Realise property in order to make a distribution to one or more secured or preferential creditors

As referred to in Section 4 of the report, I was not in the position to achieve the first objective, and so, have focused, on achieving a better result for the company's creditors as a whole than would be likely if the company were wound up.

2 Initial Assessment

As referred to in the report, the Company has insufficient property, to enable a distribution to be made to the preferential and unsecured creditors.

3 Fee matrix

Our charging policy is based on time costs incurred. We have summarised below the details of time and costs to date by staff grade as at 31 May 2004.

	Partner / Director	Manager	Other Sen./ Prof.	Assistants / Support		Hours to Date	Total Time Cost	Avg RPH
	Hours	Hours	Hours	Hours			£	£
Administration and Planning Total	25.00	18.00	40.20	30.00		113.20	15739.00	39
Investigation Total	2.50	0.00	5.50	0.00		8.00	1165.00	146
Realisation of Assets - Fixed Charge Total	0.00	3.50	0.00	0.00		3.50	700.00	200
Realisation of Assets - Debtors Total	3.00	0.00	23.50	2.60		29.10	3084.50	114
Realisation of Assets - Floating Charge Total	6.50	2.50	0.00	10.50		19.50	2762.50	142
Trading Total	1.00	0.00	8.70	26.10		35.80	3070.50	86
Creditors Total	0.00	0.00	24.10	7.60		31.70	3674.50	116
Grand Total	38.00	24.00	102.00	76.80		240.80	30196.00	127

Our time costs for the period 22 January to 31 May 2004 are summarised below;

	Partner / Director	Manager	Other Sen./ Prof.	Assistants / Support		Hours to Date	Total Time Cost	Avg RPH
	Hours	Hours	Hours	Hours			£	£
Administration and Planning Total	5.50	0.80	29.20	4.90		40.40	4846.50	120
Investigation Total	0.00	0.00	5.50	0.00		5.50	577.50	105
Realisation of Assets - Fixed Charge Total	0.00	0.00	0.00	0.00		0.00	0.00	0
Realisation of Assets - Debtors Total	3.00	0.00	22.00	0.10		25.10	2752.00	110
Realisation of Assets - Floating Charge Total	0.00	1.00	0.00	0.00		1.00	200.00	200
Trading Total	1.00	0.00	4.60	8.10		13.70	1367.00	100
Creditors Total	0.00	0.00	9.50	0.50		10.00	1251.50	125
Grand Total	9.50	1.80	70.80	13.60		95.70	10994.50	123

4 Description of work performed

Administration and planning

The time relates to meetings and correspondence with the Company directors and their advisors regarding the Company's financial position. Also agreeing the strategy for the assignment, preparation of reports to secured creditors and unsecured creditors. This category also includes case related travel time.

Realisation of assets

The time relates to the marketing and sale of the business and assets. The business was successfully sold as a going concern and this time relates to dealing with the interested parties and contract negotiations with the purchaser.

Creditors

This time relates to general queries and notification of the Administration to the creditors, and dealing with employee matters for the Administrators traded the Company.

5 Staff allocation

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Partner, Manager, Senior and Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and on larger, more complex cases, several seniors / Assistants may be allocated to meet the demands of the case.

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. However in relation to secretarial support, in the main, this work is not charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g. report compilation and distribution, do we seek to charge and recover our time in this regard.

6 Professional advisers

On this assignment we have used the professional advisers listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Adviser	Basis of Fee Arrangement
Walker Morris (Solicitors)	Hourly rate & disbursements
De Romes (Agents)	Hourly rate & disbursements

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

7 Disbursements

The disbursements we will charge to a case comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. We have summarised below the disbursements charges as at 31 May 2004.

Office holder disbursements paid	£
Media Support	437.50
Post Office	21.60