

The Insolvency Act 1986

**Administrator's progress report**

Name of Company
Greenwood Engineering Ltd

Company number
03143557

In the High Court of Justice Chancery Division Manchester District Registry (full name of court)
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Court case number 594 of 2011
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(a) Insert full name(s) and address(es) of administrator(s)

I/We (a)  
Jeremy Nigel Ian Woodside  
RSM Tenon Recovery  
Arkwright House  
Parsonage Gardens  
Manchester  
M3 2LF

Christopher Ratten  
RSM Tenon Recovery  
Arkwright House  
Parsonage Gardens  
Manchester  
M3 2LF

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

(b) Insert date

From
(b) 8 April 2011

To
(b) 7 October 2010

Signed

Joint / Administrator(s)

Dated

26/10/2011

**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

Jeremy Nigel Ian Woodside  
RSM Tenon Recovery  
Arkwright House  
Parsonage Gardens  
Manchester  
M3 2LF

DX Number

+44 (0)161 834 3313  
DX Exchange

FRIDAY



A23 28/10/2011 400  
COMPANIES HOUSE

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

**Greenwood Engineering Ltd (“the Company”) – In  
Administration**

**Joint Administrators’ First Progress Report  
for the period from 8 April 2011 to 7 October 2011**

**Issued on: 28 October 2011**

Jeremy Nigel Ian Woodside and Christopher Ratten of RSM Tenon Recovery are the Joint Administrators of the Company and this is their report on the progress of the administration of the Company for the period from 8 April 2011 to 7 October 2011

## **1 Statutory Information**

Statutory information relating to the Company is attached at **Appendix I**

## **2. Joint Administrators' receipts and payments account**

A summary of the Joint Administrators' receipts and payments account relating to the Company for the relevant period from 8 April 2011 to 7 October 2011 is attached at **Appendix II**

## **3. Action taken by the Joint Administrators since appointment**

As no meeting of creditors was requisitioned we can confirm that creditors have been deemed to approve the Administrators' proposals previously circulated on 3 June 2011

As previously advised, the Joint Administrators decided that it was not appropriate to continue to trade the business of the Company and that an immediate sale of the Company's business and assets was the best way to achieve the objective of the Administration

The Joint Administrators instructed agents, JPS Chartered Surveyors ("JPS") to market the business and assets of the Company. Expressions of interest were received from 1 interested party and we provided them with sufficient information in order for them to commence the necessary due diligence process

As a result, on 8 April 2011, the Company's business and certain assets were sold to Greenwood Lonsdale Ltd ("Lonsdale"). The Company and Lonsdale are connected parties by virtue of the common directorship of Ian Stuart Hogg and David Joseph Potter

The 30 employees of the Company were transferred to the purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE")

### **Sale of the business and certain assets**

The sale of the business and certain assets of the Company to Lonsdale was completed on 8 April 2011 for the total sum of £57,000 as detailed below

<b>Assets</b>	<b>Value (£)</b>
The Business Name	1
The Business Rights	1
The Customer Contracts	1
The Goodwill	1
The Intellectual Property	1
The Office Equipment	1,000
The Plant and Machinery	53,994
The Stock	1,000
The Transferred Records	1
The Vehicle	<u>1,000</u>

**Total**

**57,000**

We instructed Bermans Solicitors ("Bermans") to prepare the sale and purchase agreement and Lonsdale was advised by Stripes Solicitors regarding the acquisition. As no creditors' committee has been formed, it was not possible to consult with the creditors' committee regarding this transaction.

Under the sale and purchase agreement, £40,000 of the consideration was due upon completion with the remaining £17,000 payable on 8 June 2011. The total consideration of £57,000 has been received in full.

#### **Plant & Machinery**

At the date of appointment, the Company owned plant and machinery with a book value of £117,805, excluding assets subject to Hire Purchase, and an estimated to realise value of £44,650. The plant and machinery was sold to Lonsdale £49,244 as discussed above.

Specific items of the Company's plant and machinery were purchased under a hire purchase agreement with Barclays Bank plc ("Barclays"). The plant and machinery was sold to Lonsdale for £4,750. On 3 May 2011 the sum of £4,273 was paid to Barclays to discharge their liability in full.

Specific items of the Company's plant and machinery were purchased under a hire purchase agreement with ING Lease (UK) Limited ("ING"). As there is negative equity in the agreements the Joint Administrators have agreed to a novation of the agreements to Lonsdale.

#### **Factored Book Debts**

The Company factored its book debts, and as a result they are held as security by Positive Cashflow Finance Ltd ("Positive"). The book value at the date of appointment was £116,489 with a balance of £58,891 owing to Positive. The estimated to realise value of the book debts is £104,840 which takes into account a general bad debt provision of 10%.

The sum of £106,773 has been collected to date. Positive have applied termination charges of £23,858 plus VAT to the account. The collections to date have been sufficient to discharge Positives core liability in full in addition to the termination charges. A credit surplus on the account of £19,252 was paid to the Administrators on 5 August 2011 and the remaining ledger totalling £5,582 was reassigned to the Company.

An independent debt collection agency, CCS UK Ltd ("CCS"), has been instructed to collect the remaining debtors on the Joint Administrators behalf.

#### **Non Factored Book Debts**

As at the date of Administration, the Company had non factored book debts with of book value of £13,745 and an estimated to realise value of £12,371. To date we have received £12,089. CCS has been instructed to collect the remaining ledger on behalf of the Joint Administrators.

#### **Licence Fee Receivable**

Under the terms of the Sale and Purchase agreement the Joint Administrators granted Lonsdale a licence to occupy the trading premises of the Company.

The licence fee for the period 8 April 2011 to 23 September 2011 totals £16,914.56 plus VAT and has been

received in full from Lonsdale and paid to the relevant landlord

#### **Applied Fusion Ltd**

At the date of appointment Applied Fusion Ltd ("AFL") owed the Company £464. It is anticipated no funds will be received from AFL as the Company was placed into Administration on 9 March 2011 and no unsecured dividend is anticipated.

#### **Buffalo Holdings Ltd**

The sum of £3,333 was outstanding from Buffalo Holdings Ltd ("Buffalo") at the date of our appointment. The directors of Buffalo have signed notices to convene meetings of members and creditors to place the company into Creditors Voluntary Liquidation. The meetings of members and creditors have been convened for 1 November 2011.

It is not anticipated that any funds will be available for a distribution to unsecured creditors in the liquidation of Buffalo.

#### **Prepayments**

The sum of £4,694 has been received from the landlord of the trading premises in respect of an advanced rent payment.

#### **Bank Interest**

To date we have received bank interest of £35.

#### **Investigations**

The Joint Administrators have a duty to consider the conduct of those who have been directors of the Company at any time in the 3 years preceding the Administration. In addition, they are also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf.

The appropriate report to the Disqualification Unit in accordance with Rule 4 of the Insolvent Companies (Reports on Conduct of Directors) Rules 1986 has been submitted.

A review of the Company's books and records has not indicated further investigation would be of benefit to creditors.

#### **4 Future Actions of the Joint Administrators**

In order to achieve the objective of the Administration of the Company we will continue with the collection of the book debts. It is anticipated that as a result of the sale of the assets and the above future actions, a distribution will be made to MSIF under their fixed and floating charges.

It is proposed that on completion of the Administration, the Company shall be dissolved as there are insufficient assets to enable a distribution to unsecured creditors.

## **5. Liabilities and dividends**

### **Secured Creditors**

The Company granted a fixed charge to Barclays Bank Plc ("Barclays") on 26 July 1996. At the date of our appointment Barclays were owed £4,272.82. On 3 May 2011 a first and final dividend was paid to Barclays in the sum of £4,272.82 to discharge their liability in full.

The Company granted fixed and floating charges to Merseyside Special Investment Mezzanine Fund ("MSIF") on 18 December 2009. MSIF have submitted a claim in the Administration for the sum of £669,484. It is anticipated there will be a shortfall to MSIF of £660k.

Positive Cashflow Finance ("Positive") have fixed and floating charges over the assets of the Company in addition to an assignment of the Company's book debts. Sufficient funds have been realised from book debts to discharge Positive's liability in full.

### **Preferential Creditors**

There are no preferential creditors in this matter due to the employees being transferred to the purchaser under the Transfer of Undertaking (Protection of Employment) Regulations 2006.

### **Prescribed Part**

There are provisions in the insolvency legislation that require an Administrator to set aside a percentage of a Company's assets for the benefit of the unsecured creditors in cases where the Company granted a "floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property". A Company's net property is that left after paying the preferential creditors and costs and expenses of the administration, but before paying the lender who holds a floating charge. An Administrator has to set aside

- 50% of the first £10,000 of the net property, and
- 20% of the remaining net property up to a maximum prescribed part of £600,000.

The Company granted fixed and floating charges to Barclays on 26 July 1996. Since this charge was granted before 15 September 2003 the prescribed part provisions will not apply.

The Company granted fixed and floating charges to MSIF on 18 December 2009 and the prescribed part provisions will apply.

The Company also granted fixed and floating charges to Positive on 31 December 2009 and the prescribed part provisions will apply. Positive has been repaid in full under their fixed charge therefore will not be relying on a distribution under their floating charge.

## **6. Joint Administrators' Remuneration, Disbursements and Expenses**

### **Basis of remuneration and disbursements**

The Joint Administrators' remuneration and disbursements will fall to be approved by the secured creditor Merseyside Special Investment Mezzanine Fund.

### Remuneration charged and drawn in the period

The Joint Administrators' time costs were charged (exc VAT) as follows

	Incurring £	Paid £
For this period from appointment 8 April 2011 to 20 October 2011	37,084 90	Nil

In accordance with Statement of Insolvency Practice 9 attached at **Appendix III** is a breakdown of these time costs

### Disbursements incurred and drawn

The Joint Administrators' disbursements incurred during the period of this report and those reimbursed in the period are summarised below Details are in the attached **Appendix III**.

	Incurring £	Paid £
Category 1 disbursements for this period from appointment -8 April 2011 to 20 October 2011	254 20	Nil
Category 2 disbursements for this period from appointment -8 April 2011 to 20 October 2011	Nil	Nil
<b>Total</b>	<b>254.20</b>	<b>Nil</b>

### Expenses (professional advisors) charged and drawn in the period

The following professional advisors have been instructed in this matter

Professional Advisor	Nature of Work	Fee Arrangement
Bermans Solicitors LLP	Solicitors sale agreement, licence to reassign lease	Time Costs
RSM Tenon Tax	Accountants specialist tax advice	Time Costs
JPS Chartered Surveyors	Agents Valuation of assets	Time Costs
CCS UK Ltd	Debt Collection Agency	10% of debt collection

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

Details of the costs incurred and paid by the Administrators in relation to administration expenses for the period are also attached at **Appendix III**

### Pre-administration costs

The Joint Administrators' pre-administration costs will fall to be approved by the secured creditor, Merseyside Special Investment Mezzanine Fund

## **Creditors' Guide to Fees and statement of creditors' rights**

Creditors have a right to request further information from the Administrators and additionally have a right to challenge the Administrators' remuneration and expenses time limits apply Details can be found in the document 'Remuneration Guidelines Administration (post 6 April 2010)' which you can access and download at <http://www.rsmtenton.com/creditorguides> Alternatively a copy is available free of charge upon request from the address above

## **7 End of Administration**

As outlined in the initial report to creditors it is the Joint Administrators intention to exit the Administration by dissolution

The Joint Administrators will seek the agreement of the secured creditor that upon the Company proceeding into dissolution, the Joint Administrators discharge from liability, pursuant to paragraph 98 of Schedule B1 shall take effect 14 days following the Company filing the notice of moving from Administration to dissolution



**Jeremy Woodside**  
**Joint Administrator**

*Licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales  
The affairs, business and property of the Company are being managed by the Administrators*



## Appendix I

### Company Information

Company Name	Greenwood Engineering Ltd
Previous Name	N/A
Company Number	03143557
Date of Incorporation	4 January 1996
Trading Address	Unit 1 Scotts Industrial Park, Fishwick Street, Rochdale, Lancashire, OL16 5NA
Current Registered Office	Arkwright House, Parsonage Gardens, Manchester, M3 2LF
Former Registered Office	Unit 1 Scotts Industrial Park, Fishwick Street, Rochdale, Lancashire, OL16 5NA
Principal Trading Activity	Manufacture of other general machinery

### Appointment details

Joint Administrators' name and address	Jeremy Nigel Ian Woodside of RSM Tenon Recovery, Arkwright House, Parsonage Gardens, Manchester, M3 2LF and Christopher Ratten of RSM Tenon Recovery Arkwright House, Parsonage Gardens, Manchester, M3 2LF
Date of appointment	8 April 2011
Court Name and Reference	High Court of Justice Chancery Division Manchester District Registry 594 / 2011
Appointment made by	Directors
Actions of Joint Administrators	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 alone

### Charges

Debenture dated 26 July 1996 in favour of Barclays Bank Plc

Debenture dated 18 December 2009 in favour of Merseyside Special Investment Mezzanine Fund

Debenture dated 31 December 2009 in favour of Positive Cashflow Finance Limited

**Greenwood Engineering Ltd**  
**(In Administration)**  
**Joint Administrators' Abstract of Receipts & Payments**  
**To 07/10/2011**

S of A £		£	£
	<b>SECURED ASSETS</b>		
1 00	Goodwill	1 00	
1 00	Intellectual Property	1 00	
4 00	Business Name / Rights / Records	4 00	
(430,000 00)	Merseyside Special Investment Mezza	NIL	
104,840 00	Book Debts	106,773 25	
(58,891 00)	Positive Cashflow Finance Ltd	(58,890 74)	
	Termination Charges	(23,858 77)	
			24,029 74
	<b>PLANT &amp; MACHINERY</b>		
4,750 00	Plant & Machinery	4,750 00	
(4,273 00)	Barclays Bank plc	(4,272 82)	
14,500 00	Plant & Machinery	NIL	
(43,634 00)	ING Lease (UK) Ltd	NIL	
			477 18
	<b>ASSET REALISATIONS</b>		
49,244 00	Plant & Machinery	49,244 00	
1,000 00	Office Equipment	1,000 00	
1,000 00	Motor Vehicles	1,000 00	
1,000 00	Stock	1,000 00	
12,371 00	Book Debts	12,089 00	
NIL	Applied Fusion Ltd	NIL	
NIL	Buffalo Holdings Ltd	NIL	
	Licence Fee Receivable	16,935 69	
	Prepayments	4,693 66	
	Bank Interest Gross	35 23	
			85,997 58
	<b>COST OF REALISATIONS</b>		
	Solicitors' Fees	7,250 00	
	Solicitors' Disbursements	95 00	
	Licence Fee Payable	16,914 56	
			(24,259 56)
	<b>COST OF ADMINISTRATION</b>		
	Statutory Advertising	75 60	
	Mail Redirection	24 90	
			(100 50)
	<b>UNSECURED CREDITORS</b>		
(146,778 00)	Trade & Expense Creditors	NIL	
(25,780 00)	HM Revenue & Customs - VAT	NIL	
(72,657 00)	HM Revenue & Customs - PAYE	NIL	
(8,043 00)	Unicorn Self Drive Ltd	NIL	
(4,881 00)	Applied Fusion Ltd	NIL	
(264 00)	Everidge Precision Engineering Ltd	NIL	
(5,344 00)	Heavey Engineering Ltd	NIL	
			NIL
	<b>DISTRIBUTIONS</b>		
(50,000 00)	Ordinary Shareholders	NIL	

**Greenwood Engineering Ltd**  
**(In Administration)**  
**Joint Administrators' Abstract of Receipts & Payments**  
**To 07/10/2011**

S of A £	£	£
		NIL
<b>(661,834.00)</b>		<b>86,144 44</b>
REPRESENTED BY		
VAT Receivable		9,626 78
Floating Account		79,904 79
VAT Payable		(3,387 13)
		<b>86,144.44</b>

## **Appendix III – Information relating to the Joint Administrators' Fees and Expenses**

## Greenwood Engineering Ltd

### Information relating to the Joint Administrators' Fees and Expenses

#### 1. Explanation of Administrators' charging and disbursement recovery policies

##### 1.1 Time recording

Work undertaken on cases is recorded in 6 minute units in an electronic time recording system. Time properly incurred on cases is charged at the hourly rate of the grade of staff undertaking the work that applies at the time the work is done. The current hourly charge out rates are

	Rate since 8 April 2011
	£
Director and licensed Insolvency Practitioner	355
Associate Director	355
Senior Manager	290
Manager	200
Senior Administrator	185-210
Administrator	126-194
Cashier	121

Secretarial and support staff are not charged to the cases concerned, being accounted as an overhead of RSM Tenon Recovery.

##### 1.2 Disbursement recovery

Disbursements are categorised as either Category 1 or Category 2.

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Where these have initially been paid by RSM Tenon Recovery and then recharged to the case, approval from creditors is not required. The amount recharged is the exact amount incurred.

Examples of Category 1 disbursements include postage, case advertising, specific bond insurance, company search fees, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case, (including business mileage up to HMRC approved rate for cases commenced before 1 November 2011). Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

Category 2 disbursements include elements of shared or allocated costs incurred by RSM Tenon Recovery and recharged to the estate, they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of Category 2 disbursements are photocopying, all business mileage (for cases commencing on or after 1 November 2011), internal room hire and internal

storage

The current levels of Category 2 disbursements recovered by RSM Tenon Recovery are as follows

Room Hire	£60 00
Envelope	4 2p
Paper (photocopies per sheet)	1 75p
Postage (depending on size and weight)	At cost
Files and dividers (cost per 100 creditors)	£2 00
Storage of archive box for one quarter	£1 60
Travel (per mile)	45p

The costs recharged are based upon the actual cost of the materials used or the costs which would have been incurred if that service had been sourced externally

## **2. Description of work carried out**

Section 3 of this appendix outlines the time costs to date in relation to activities undertaken during this period. These can be summarised as follows:

### **2.1. Pre-appointment**

Details of the Joint Administrators' pre-administration costs are set out in the main body of the report.

### **2.2. Administration and planning**

This includes the following activities which have been undertaken:

- > Statutory duties associated with the appointment including the filing of relevant notices,
- > Notification of the appointment to creditors, members, employees and other interested parties,
- > Setting up case files,
- > Reviewing available information to determine appropriate strategy,
- > Setting up and maintaining bank accounts,
- > 6 monthly progress review of the case

Staff of different levels were involved in the above activities depending upon the experience required.

### **2.3. Investigations**

The time spent includes:

- > Corresponding with the former directors and management,
- > Review of questionnaires and comments provided by interested parties,
- > Review of company documentation,
- > Completion of statutory returns to the Insolvency Service

## 2 4 Realisation of assets

Please refer to the main body of the report but in summary the time spent includes

- > Liaison with agents and solicitors,
- > Debt collection,
- > Agreement of contracts

## 2 5 Creditors

The time spent includes the following matters

- > Recording and maintaining the list of creditors,
- > Dealing with employee related matters,
- > Recording creditor claims
- > Reporting to creditors,
- > Dealing with creditor queries,
- > Reviewing and evaluating creditor claims

## 3. Time and charge-out summary

For the period of the report 8 April 2011 to 7 October 2011, a total of 194 43 hours have been spent at an average charge out rate of £190 74 bringing the total cost to date to £37,084 90

The table below shows details of the time costs charged (exc VAT) in the current period

Classification of work function	Insolvency Practitioner/ Director/ Associate Director	Manager	Hours Other senior professionals	Assistants and support staff	Total	Time cost £	Average Hourly rate £
Administration and Planning	39 25	5 70	33 53	5 95	84 43	20,160 70	238 79
Investigations	0 00	5 10	34 80	0 00	39 90	5,553 00	139 17
Realisation of assets	1 50	9 10	8 40	0 00	19 00	3,543 50	186 50
Creditors	1 50	11 60	38 00	0 00	51 10	7,827 70	153 18
Total hours	42 25	31 50	114 73	5 95	194 43		
Total fees claimed £	14,998 75	6,435 00	14,931 20	719 95		37,084 90	190 74

#### 4 Disbursements

Disbursements incurred during the period of this report and those reimbursed in the period are detailed below (exc VAT)

Disbursements	This period	
	Incurred £	Paid £
<b>Category 1</b>		
Bond premium	210 00	Nil
Mail Redirection	27 20	Nil
Mileage	9 00	Nil
Supplies and Stationery	8 00	Nil
<b>Total</b>	<b>254 20</b>	<b>Nil</b>



**PROOF OF DEBT - GENERAL FORM**

In the matter of

**Greenwood Engineering Ltd - In Administration****and in the matter of The Insolvency Act 1986**

Appointment Date – 8 April 2011

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show -  (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category  Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	
	Date	