In accordance with Rule 3.61(1) of the Insolvency (England & Wales) Rules 2016 & Paragraph 84(8) of Schedule B1 of the Insolvency Act 1986.

AM23

Notice of move from administration to dissolution

Companies House

THURSDAY

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A08 12/03/2020 #147

COMPANIES HOUSE

1 Company details

Company number	0 3 2 3 8 8 0 2
Company name in full	QDS Contracting Limited

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

2 Court details

Court name	High Court of Justice, Business
Court number	6 6 2 0 1 8

3 Administrator's name

Full forename(s)	Richard Michael
Surname	Hawes

4 Administrator's address

Building name/number	5 Callaghan Square
Street	Cardiff
Post town	CF10 5BT
County/Region	
Postcode	
Country	

AM23
Notice of move from administration to dissolution

5 Administrator's name ❶

Full forename(s)	Matthew James
Surname	Cowlishaw

❶ **Other administrator**
Use this section to tell us about another administrator.

6 Administrator's address ❷

Building name/number	Four Brindleyplace
Street	Birmingham
Post town	B1 2HZ
County/Region	
Postcode	
Country	

❷ **Other administrator**
Use this section to tell us about another administrator.

7 Final progress report

☑ I have attached a copy of the final progress report

8 Sign and date

Administrator's signature	Signature X [signature] X
Signature date	d1 d1 m0 m3 y2 y0 y2 y0

Deloitte.

QDS Contracting Limited (in administration)
(formerly Hydrock Contracting Limited) ("the Company")

Final progress report to creditors pursuant to rules 18.6 and 3.53 of the Insolvency (England & Wales) Rules 2016 ("the Rules")

Court Case No. 66 of 2018
High Court of Justice, Business and Property Courts in Bristol
Company and Insolvency List

Company Number: 03238802

Registered Office: c/o Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ

Richard Michael Hawes and Matthew James Cowlishaw ("the Joint Administrators") were appointed Joint Administrators of QDS Contracting Limited on 12 March 2018 by the Directors of the Company. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

For the purposes of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 (as amended), ("the Act"), the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

11 March 2020

Key messages

Key messages

Joint Administrators of the Company

Richard Michael Hawes
Deloitte LLP
5 Callaghan Square
Cardiff
CF10 5BT

Matthew James Cowlishaw
Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ

Contact details

Email: jehough@deloitte.co.uk
Website:
www.deloitte.com/uk/qds
Tel: 0121 695 5723

	Commentary
Purpose of administration	• The purpose of the administration was to achieve a better result for the Company's creditors as a whole than a liquidation.
Achievement of the Joint Administrators' Proposals	• The business was traded for a short period until the business and assets were sold to FLI QDS Remediation Limited. This was necessary in order to maintain value in the Company. Funds totalling £170,000 were received from the sale as detailed on page 7. • £52,372 was received from the purchaser in respect of rent, legal fees and service charges relating to a Licence to Occupy agreement that allowed them to trade from the Company's freehold premises after the sale completed. • Funds of £435,571 were received in respect of the sale of the freehold property in Rotherham. • Funds totalling £300,000 have been received in respect of motor vehicles, less finance liabilities of £197,878. • Book debt and retention collections total £584,379 and £209,453 respectively, less commissions paid to the relevant firm of collection agents. • Cash transferred from the pre-appointment bank account totals £19,739. • Refunds in respect of business rates totalling £634 were received. • Sundry refunds totalling £1,409 were received in addition to insurance commissions of £124. • Bank interest gross of £1,720 was received. • Funds totalling £83,946 were distributed to the preferential creditors. • Funds totalling £43,214 were distributed to unsecured creditors via the prescribed part.
Costs	• Our fee basis was initially fixed as a set amount totaling £250,000. Subsequently an approval was obtained for an additional set fee of £50,000 See page 13 for more details. • An further fee of £50,000 was drawn from the surplus assets caught under the fixed charge, as approved by the secured creditor. Please see page 13 for further details • Pre-appointment fees totalling £22,971 were approved and drawn from the estate. • Disbursements of £4,372 have been drawn in the administration, of which £351 has been incurred in the period. Please refer to page 14 for further details. • Third party costs, including agents and lawyers fees, of £3,850 have been incurred in the report period, bringing total third party costs to £471,544. Please refer to page 8 for further details.
Outcome for Creditors	• The secured creditor was paid total distributions of £495,906 leaving a shortfall of c.£6m. • Preferential creditors were paid in full. • Unsecured creditors were paid a dividend under the prescribed part provisions of 1.3 pence in the £ on net property of £196,010.
Extension to and end of the administration period	• The period of the administration was extended for a total of 12 months to enable the sale of the freehold property and distributions to preferential and unsecured creditors, as further detailed on page 6. • As the Company has no further property for distribution to its creditors, the appropriate Notice will be filed at Companies House to enable the Company to move from administration to dissolution. The Company will be deemed to be dissolved three months after the Notice is registered.

Summary Proposals

Summary of the Joint Administrators' Proposals

The Joint Administrators' Proposals

Our Proposals for the administration include:

- continuing to manage the affairs and any remaining assets of the Company and the settlement of all administration expenses;
- assessing the affairs of the Company and reviewing and reporting on the conduct of its directors and, where required, providing assistance to any regulatory authorities with any investigation into the affairs of the Company or its management;
- continuing with enquiries into the conduct of the directors of the Company and continuing to assist any regulatory authorities with any investigation into the affairs of the Company;
- agreement of the claims of any secured, preferential and unsecured creditors against the Company unless we conclude, in our reasonable opinion, that the Company will have no assets available for distribution;
- distributing funds to any secured and preferential creditors and, where applicable, to unsecured creditors under the Prescribed Part as and when their claims are agreed and funds permit, and to make distributions to unsecured creditors, other than out of the Prescribed Part if the court gives permission following an appropriate application; and
- that, following the realisation of assets and resolution of all matters in the administration, and as quickly and efficiently as is reasonably practicable, we will implement the most appropriate exit route to formally conclude the administration.
- that, if the Company is to be placed into Creditors' Voluntary Liquidation ("CVL"), we (or any person appointed as a replacement office holder) propose to be appointed Joint Liquidators and for the purposes of section 231 of the Act the Joint Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

Specific approval from the appropriate body was sought to fix the basis of and the ability to draw our remuneration and expenses, including pre-administration costs and expenses, and to agree the time of our discharge on conclusion of the administration. Please refer to page 13 for details.

The Joint Administrators' Proposals

Our Proposals were deemed approved on 4 May 2018, following the expiration of 8 business days from the date of issue of our Proposals in accordance with rule 3.38(4) of the Rules.

Extension to the administration

The administration was extended for a period of 12 months by the secured and preferential creditors on 19 February 2019 to enable the sale of the freehold property and distributions to preferential and unsecured creditors.

Steps taken during the administration

Statutory Tasks

During the period of our appointment, we have carried out the following tasks which primarily relate to fulfilment of statutory and compliance obligations and other tasks of an administrative nature:

- Appointment notifications, including notifying all those required of the administration;
- Case set up and management actions, including updating the insolvency website for the case, filing and regular diary reviews to ensure compliance matters are dealt with accordingly;
- Statutory reporting, including the preparation of the proposals and various progress reports;
- Responding to and filing correspondence received from the Company's creditors;
- Cashiering functions, including the preparation of monthly bank account reconciliations and various payments and receipts;
- Confidential report to the Insolvency Service on the directors' conduct; and
- Interaction with HM Revenue & Customs in respect of VAT and Corporation Tax matters.

These tasks are a necessary part of the engagement but do not generate any direct financial benefit for creditors.

Asset Realisations

Sale of Business and trading

Immediately following our appointment, we concluded it would be in the best interests of creditors to continue to trade, on a restricted basis, whilst seeking a sale of the business and assets. Given the health and safety risks on various sites, the limited trading aimed to ensure sites did not deteriorate and erode the value of the business and assets whilst a sale was being pursued. The trading period ceased after 5 days.

On 17 March 2018, the business and certain assets of the Company were sold to FLI QDS Remediation Limited. The details of the sale were confidential, however we have shown the consideration received by us in the receipts and payments account on page 9 which includes the following assets:

<u>Plant and Machinery and Unencumbered Motor Vehicles</u>

The primary physical assets included in the business and asset sale were plant and machinery, and 25 unencumbered motor vehicles.

Realisations of £169,994 have been received for these assets by the Joint Administrators.

<u>Other Assets</u>

As part of the sale of business and assets, consideration of £1 was also received for each of the following items: Goodwill, Equipment, Stock, WIP, Business Information and Intellectual Property.

Freehold Property

The sale for the freehold property at Rotherham completed on 26 February 2019, realising funds of £435,571. Costs totalling £92,522 were paid from these funds, including Legal fees, agents' fees and expenses and our fees as Administrators, as shown on page 9 (all costs are denoted as 'fixed charge'). The balance of £343,050 was paid to Lloyds Banking Group ("Lloyds") under the terms of its fixed charge security.

Motor Vehicles (Encumbered)

Funds totalling £300,000 have been received in respect of motor vehicles, less finance liabilities of £197,878.

Asset Realisations continued...

Book Debts and Retentions

Book debts and retentions totalling £584,379 and £209,453 respectively were collected in the administration, bringing total recoveries to £793,832. Commissions totalling £320,563 were deducted from these funds as detailed overleaf.

Licence to Occupy Rent and Service Charges

As part of the sale of business and assets, a licence to occupy the freehold and leasehold property was agreed. The freehold licence was initially agreed for a period of one month post the completion of the sale, but was then extended. The Purchaser paid, in advance, rentals totalling £49,000.

Service charges of £1,922 for the leasehold property have also been paid by the Purchaser in addition to a legal fees refund of £1,450.

Cash at Bank

Funds transferred from the pre-appointment bank account totals £19,739.

Other Refunds

Refunds in respect of business rates totalling £634 were received in addition to sundry refunds totalling £1,409 and £124 in respect of insurance commissions

Bank Interest Gross

Bank interest gross of £1,720 was received.

Investigations

No further avenues of recovery were identified as result of our investigations.

Creditors' Decision Procedures

A decision procedure was carried out in respect of the following matter:

Joint Administrators' remuneration

A creditors' decision procedure was facilitated for the preferential creditors in order to change the basis of our fees on 2 March 2020. Please see page 13 for further details of how our fees were approved.

Distributions to creditors

As per the executive summary:

Secured creditor

- The secured creditor was paid total distributions under the terms of its fixed and floating charge of £495,906, leaving a shortfall of c.£6m.

Preferential creditors

- Preferential creditors were paid in full.

Unsecured creditors

- Unsecured creditors were paid a dividend under the prescribed part provisions of 1.3 pence in the £ on net property of £196,010.

Please see page 11 for more details.

Cost of the work done

We have summarised below details of costs and expenses incurred during the period of our appointment:

Trading Costs:

- £71,451 was incurred in respect of costs necessary to trade the business for a short time whilst a sale of the business was explored and completed in order to maximise the value and therefore outcome for creditors.

Legal Costs – fixed charge:

- Womble Bond Dickinson (UK) LLP assisted with the review of Company contracts, advice in relation to the sale of business, the sale of the freehold property and other various property queries. They were paid £31,000 in respect of this work, plus VAT;

Legal Costs – floating charge:

- Womble Bond Dickinson (UK) LLP ("WBD") assisted with the review of Company contracts, advice in relation to the sale of business, review of the transitional services agreement and other matters in the administration. They were paid £60,422 in respect of fees plus £18 disbursements, plus VAT;
- Thrings LLP conducted a security review and were paid £2,000, plus VAT; and

Agent Costs – fixed charge:

- Avison Young (formerly GVA) were instructed to run the sales process of the freehold property in Rotherham and were paid £10,700 and £822 in respect of fees and expenses, plus VAT; and

Agent Costs – floating charge:

- Gordon Brothers International LLC assisted with the sale of motor vehicles and were paid £24,755 and £702 in respect of fees and expenses, plus VAT;

Agent Costs – book debts and retentions – floating charge:

- Payments made in respect of book debt and retention commissions due to agents totalled £320,563, made up of £198,373 and £122,190 respectively. £320,563 was split between two third party companies as follows:
- FLI QDS Remediation Limited, the purchaser of the business and assets of the Company, assisted in the collection of the book debtors and retentions in the administration and were paid £312,495, plus VAT.
- MDA Consulting Limited were instructed to collect the residual book debtors and retentions later in the administration and were paid £8,067 in respect of commissions earned
- MDA Consulting Limited were also paid £10,350 in respect of general fees in the administration, plus VAT.

Joint Administrators' Remuneration

- Our remuneration and expenses. Further information on these costs are provided on page 13.

All costs have been paid, as shown in the receipts and payments account overleaf.

All professional costs were reviewed and analysed in detail before payment was approved.

QDS Contracting Limited
Joint Administrators' final receipts and payments account
12 March 2018 to 11 March 2020

£	SoA values	Notes	Period	To Date
Receipts				
Freehold Land & Property - Fixed Charge			-	435,571
Plant & Machinery and unencumbered motor vehicles	10,000		-	169,994
Goodwill	-		-	1
Contracts	-		-	1
Business Information	-		-	1
Intellectual property	-		-	1
Stock	-		-	1
WIP	-		-	1
Motor Vehicles	20,000		-	300,000
Book Debts	1,000,000		4,732	584,379
Retentions	-		-	209,453
Pre-appointment Cash at Bank	50,000		-	19,739
Licence To Occupy Rent (Received)	-		-	49,000
Licence to Occupy Legal Fees (Received)	-		-	1,450
Service Charges (Received)	-		-	1,922
Rates Refund	-		-	634
Insurance Commissions (Received)	-		-	124
Sundry Refunds	-		11	1,409
Bank Interest Gross	-	1	320	1,720
Funds Received In Error	-		-	504
Total receipts	1,080,000		5,063	1,775,906

£	SoA values	Notes	Period	To Date
Payments				
Trading Surplus/(Deficit)			408	71,451
Return of Funds Received in Error			-	504
Finance Liabilities			-	197,878
License To Occupy Rent (Paid)			-	28,247
Licence to Occupy Legal Fees (Paid)			-	1,800
Service Charges (Paid)			-	1,917
Novations Legal Fees (Paid)			-	250
Commissions - Book Debts		2	-	198,373
Commissions - Retentions			-	122,190
Agents Fees - MDA		2	3,850	10,350
Agents Fees - Gordon Brothers			-	24,755
Agents Expenses - Gordon Brothers			-	702
Pre-appointment Administrators' Fees			-	22,971
Administrators' Fees - Fixed Charge			50,000	50,000
Administrators' Fees - Floating Charge			50,000	300,000
Administrators' Disbursements - Floating Charge			4,372	4,372
Agents Fees - Avison Young - Fixed Charge			-	10,700
Agents Expenses - Fixed Charge			-	822
Post-Appointment Legal Fees - Fixed Charge			-	31,000
Post-Appointment Legal Fees - Floating Charge			-	62,422
Post-Appointment Legal Disbursements - Floating Charge			-	18
Pre-Appointment Legal Fees			-	10,213
Insurance Commissions (Paid)			-	124
Statutory Advertising			-	85
Licence to Occupy Rent (Refunded)			-	1,096
Insurance of Assets			-	500
Bank Charges			84	100
Distribution to Lloyds Banking Group - Fixed Charge			53,050	343,050
Distribution to Lloyds Banking Group - Floating Charge			152,856	152,856
Preferential Distribution			83,946	83,946
Prescribed Part Distribution			43,214	43,214
Total payments			441,779	1,775,906
Balance				-

A receipts and payments account, along with a trading account, is provided, detailing the transactions in the final period of the administration since our last report and also summarising the transactions for the entire period of the administration.

Notes to receipts and payments account

Note 1 - All funds were held in an interest bearing account during the administration. The associated corporation tax on interest received has been accounted for to HM Revenue & Customs.

Note 2 - £500 has been reallocated between these two payments since the last report.

VAT note – All sums shown above are shown net of VAT, which was accounted to HM Revenue & Customs.

Trading account – Trading was continued for 5 days to 17 March 2018. £408 incurred in the period is the result of a corrective journal and not a new cost.

Rounding note - In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.

Joint Administrators' trading account
12 March 2018 to 11 March 2020

£	Period	To date
Receipts		
Total receipts	-	-
Payments		
Employee Expenses	408	895
Direct Labour	-	57,536
Security Costs	-	11,722
Rental Costs	-	658
Fuel Costs	-	641
Total payments	408	71,451
Trading surplus/(deficit)	(408)	(71,451)

Information for creditors

Information for creditors

Outcome for creditors

Secured Creditor

As detailed in the Company's books and records, Lloyds Banking Group ("Lloyds") were owed c.£6.5m across the wider Hydrock Group as at the date of our appointment.

Distributions to Lloyds in the administration total £495,906, split between distributions under the fixed charge of £343,050 (£290,000 was distributed on 4 July 2019 and the balance on 31 October 2019) and the floating charge of £152,856 (distributed on 11 March 2020).

Following the above distributions, Lloyds has a residual shortfall of c.£6m across the wider Hydrock Group.

Preferential Creditors

We received 83 preferential claims for a total of £83,946. A distribution of 100 pence in the pound was paid to preferential creditors on 4 March 2020.

Prescribed Part

The prescribed part fund of £43,214 was distributed on 11 March 2020 to unsecured creditors, as shown in the receipts and payments account on page 9. This represents a dividend of c.1.3p in the £.

Unsecured Creditors

Insufficient funds were realised to enable a dividend to be paid to unsecured creditors, other than the PP distribution referred to above.

End of the Administration

As the Company has no additional property for distribution to its creditors, the appropriate Notice will be filed at Companies House to enable the Company to move from administration to dissolution. The Company will be deemed to be dissolved three months after the Notice is registered.

Remuneration and expenses

Remuneration and expenses

Joint Administrators' remuneration

Administrators' remuneration

"A Creditors' Guide to Remuneration" is available for download at www.deloitte/com/uk/qds. Should you require a paper copy, please send your request in writing to us at the address on the cover page of this report and this will be provided to you at no cost.

Basis of remuneration

The basis of our remuneration was fixed on 2 June 2018 by the Secured Creditor as a set amount of £250,000, plus VAT thereon. As it was not anticipated that a dividend would be available to preferential creditors, their approval was not sought.

Subsequently as a result of material and substantial changes we sought an additional set fee of £50,000 which was approved by the secured and preferential creditors on 2 March 2020. Approval of remuneration of £300,000 plus VAT has been received in total.

The reasons for seeking this additional amount were that:

- Our initial fee of £250,000 did not include the fact that it became necessary to extend the administration for a further twelve months to finalise the sale of the freehold property;
- The value of gross debt collections has proved to be more than expected, directly benefitting floating charge, preferential and unsecured creditors.
- Preferential creditors received payment in full on their agreed claims;
- The position for unsecured creditors had significantly improved to the extent that a distribution was now payable to unsecured creditors under the provisions of the Prescribed Part; and
- The return to Lloyds Banking Group under the terms of its floating charge security has also increased in line with the value of asset realisations.

Set Amount

We have drawn remuneration of £300,000 against the agreed total set fees of £300,000, as shown in the receipts and payments account on page 9.

It is also noted that a fee was drawn in relation to the fixed charge of £50,000. This was approved by the secured creditor being the sole party with an economic interest in these funds. Both amounts are shown in the receipts and payments account on page 9.

Pre-appointment fees

The Secured Creditor also approved that we draw £22,971 plus VAT in respect of our pre-appointment fees. This was in respect of time costs incurred prior to our appointment but related to placing the Company into administration.

Remuneration and expenses
Detailed information

Disbursements

Our disbursements are summarised below from which it can be seen that the total amount incurred is below the estimates provided in the Joint Administrators' Proposals.

A total of £4,372 was paid from the administration, leaving £500 outstanding which will be written off.

Category 1 disbursements

£ (net)	Estimated	Incurred in period	Incurred to date	Paid	Unpaid
Travel	1,401	111	1,533	1,533	-
Accommodation	1,064	30	1,164	1,164	-
Subsistence	40	31	106	106	-
Telephone	3	2	17	17	-
Postage	1,200	14	14	14	-
Parking	316	166	202	202	-
Statutory Bonding	230	-	230	230	-
Total	**4,254**	**351**	**3,267**	**3,267**	**-**

Category 2 disbursements

£ (net)	Estimated	Incurred in period	Incurred to date	Paid	Unpaid
Mileage	418	-	1,106	1,106	-
Tax Processing	1,680	-	-	-	-
Website	500	-	500	-	500
Total	**2,598**	**-**	**1,606**	**1,106**	**500**
TOTAL	**6,852**	**351**	**4,872**	**4,372**	**500**

The Tax Processing cost was estimated within our proposals but was not incurred. The website cost was incurred but not drawn from the administration estate.

Mileage is calculated at the prevailing standard mileage rate of up to 45p used by Deloitte at the time when the mileage is incurred.

Our disbursements, totalling £4,372, have been recovered in full as shown in the receipts and payments account on page 9.

Creditors' right to request information

Any secured creditor or unsecured creditor (with the support of at least 5% in value of the unsecured creditors or with leave of the Court) may, in writing, request us to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with rule 18.9 of the Rules.

Creditors' right to challenge remuneration and/or expenses

Any secured creditor or unsecured creditor (with the support of at least 10% in value of the unsecured creditors or with leave of the Court) may apply to the Court for one or more orders (in accordance with rule 18.34 of the Rules), reducing the amount or the basis of remuneration which we are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with rule 18.34(3) of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.

AM23
Notice of move from administration to dissolution

Presenter information

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

Contact name	Jessica Hough
Company name	Deloitte LLP
Address	5 Callaghan Square
	Cardiff
Post town	CF10 5BT
County/Region	
Postcode	
Country	
DX	
Telephone	+44 121 632 6000

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

Important information

All information on this form will appear on the public record.

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse