

AM10

Notice of administrator's progress report



Companies House

WEDNESDAY



A15 *A7G9ZHPF* #69
10/10/2018
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 Administrator's name

Full forename(s) Richard Michael

Surname Hawes

3 Administrator's address

Building name/number 5 Callaghan Square

Street Cardiff

Post town CF10 5BT

County/Region

Postcode

Country

4 Administrator's name ①

Full forename(s) Matthew James

Surname Cowlshaw

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Four Brindleyplace

Street Birmingham

Post town B1 2HZ

County/Region

Postcode

Country

② Other administrator
Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 1	^d 2	^m 0	^m 3	^y 2	^y 0	^y 1	^y 8
To date	^d 1	^d 1	^m 0	^m 9	^y 2	^y 0	^y 1	^y 8

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date	^d 0	^d 9	^m 1	^m 0	^y 2	^y 0	^y 1	^y 8
----------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------

AM10

Notice of administrator's progress report



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 **Richard Michael Hawes**

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



QDS Contracting Limited (formerly Hydrock Contracting Limited) (In Administration) **("the Company")**

Progress report to creditors for the period 12 March 2018 to 11 September 2018 pursuant to Rules 18.2 to 18.6 inclusive of the Insolvency (England & Wales) Rules 2016 ("the Rules").

Court Case No. 33 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

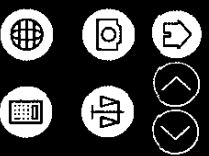
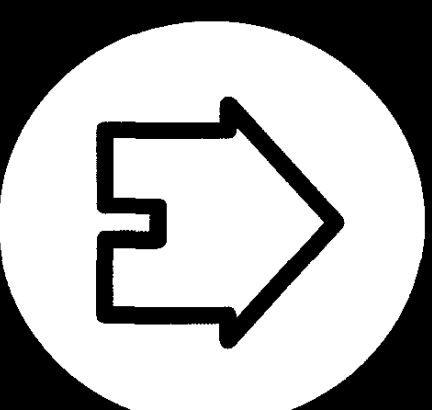
Richard Michael Hawes and Matthew James Cowlishaw ("the Joint Administrators") were appointed Joint Administrators of QDS Contracting Limited on 12 March 2018 by the Directors of the Company. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators 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.

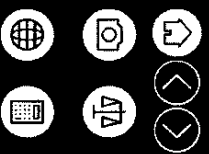
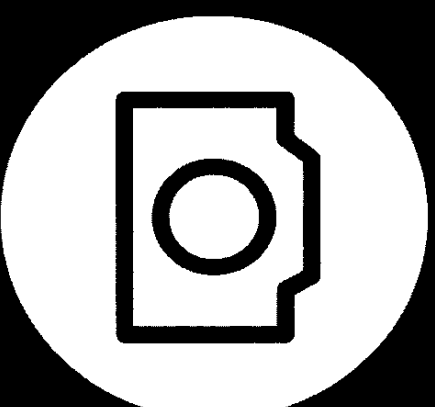
9 October 2018

	Contents	1
	Key messages	2
	Progress of the administration	4
	Information for creditors	10
	Remuneration and expenses	12





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

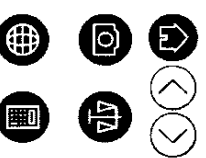
Contact details

Email: jehough@deloitte.co.uk

Website:

www.deloitte.com/uk/qds

Tel: 0121 695 5723

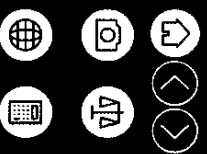
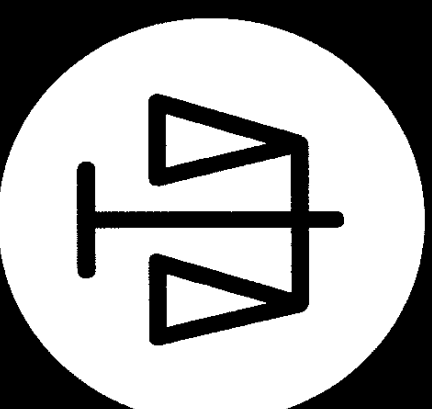


	Commentary
Purpose of administration	<ul style="list-style-type: none">The purpose of the administration is to achieve a better result for the Company's creditors as a whole than a liquidation.
Progress of administration	<ul style="list-style-type: none">The Company continued to trade on a restricted basis for a short period while a purchaser of the business and assets was sought. A sale of the business and certain assets of the Company concluded on 17 March 2018 to FLI QDS Remediation Limited ("the Purchaser"). Further details can be found on page 5.We anticipate a trading deficit of c.£74k will be made during the period of restricted trading. These trading costs are still being finalised.Funds totalling £300,000 have been received in respect of motor vehicles, less finance liabilities of £197,878.Book debts and retentions (gross of commissions) totalling £187,875 and £130,602 respectively have been collected in the period.Cash transferred from the pre-appointment bank account totals £19,739.Refunds in respect of rates have been returned totalling £634.Sundry refunds totalling £357 have been received in the period.Bank interest gross of £199 has also been received in the period.
Costs	<ul style="list-style-type: none">The basis of our fees has been fixed as a set amount of £250,000. Please see page 13 for further details.Disbursements of £3,988 have been incurred in the report period. Please refer to page 14 for further details.Third party costs of £84,792 have been incurred in the report period. Please refer to page 6 for further details.
Outstanding matters	<ul style="list-style-type: none">Finalise the sale of the Rotherham property and the surrender of the leases at the Guildford, Wasingpool and Deer Park properties.Distribute to the bank the net realisations following the sale of the Rotherham property.Collect all remaining contractual debts and retentions.Agree claims and pay a distribution to the preferential creditors.Tax and VAT matters.Other closure matters.
Dividend prospects	<ul style="list-style-type: none">The secured creditor will not be repaid in full.Based on current information, we anticipate preferential creditors will receive a dividend. Further details on can be found on page 11.We do not anticipate there being any funds available for distribution to unsecured creditors at this time.
Extension to administration period	<ul style="list-style-type: none">It may be necessary to request an extension to the period of the administration for a period of 12 months from 11 March 2019. This is due to the contractual and long term nature of the book debts and retentions of the Company to be realised.



Progress of the administration

Summary	5
Receipts and payments	7
Pre-administration costs	9



Progress of the administration Summary

Progress of the administration Work done during the report period

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.

Sale of Business

A sale of business and assets to the Purchaser completed on the 17 March 2018. The primary physical assets included in the sale were the Company's plant and machinery, as well as 25 unencumbered motor vehicles.

Realisations of £169,994 for these assets have been received in the period.

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

Book Debts and Retentions

Book debt and retention collections (before commissions) for the period total £187,875 and £130,602 respectively. As part of the sale agreement the Purchaser was entitled to assist with the recovery of book debts and retentions for a period of three months. This period was reviewed and extended on a case by case basis for certain balances beyond the initial three month period, based on the likely impact on recoveries.

As the end of the report period, the Purchaser continued to oversee the recovery of 13 balances, with the remainder being overseen by our agents, MDA – LC Mann Ltd ("MDA").

Motor Vehicles

Gordon Brothers International LLC ("Gordon Brothers") were instructed to oversee the realisation of encumbered motor vehicles.

Funds totalling £300,000 have been received in the period, less finance costs of £197,878.

Cash at Bank

Cash transferred from the Company's pre-appointment bank account totals £19,739.

Rates Refunds

Rates refunds totalling £634 have been received in the period.

Freehold Property

We are continuing to liaise with a potential buyer in relation to the freehold property in Rotherham and anticipate the sale will be finalised in due course.

Bank Interest Gross

Bank interest gross of £199 has been received.

Sundry Refunds

Sundry refunds totalling £357 have been received in the period.

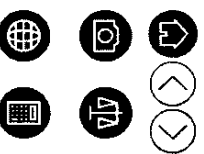
Licence to Occupy Rent and Service Charges

As part of the sale of business and assets, a licence to occupy the freehold in Rotherham and leasehold property in Guildford was agreed. The freehold licence was agreed for a period of three months post the completion of the sale, while the leasehold licence was agreed for a period of six months from the sale. The freehold licence to occupy has been extended until 16 October while the sale process is finalised, while the leasehold licence to occupy has expired.

The Purchaser paid, in advance, rentals totalling £14,306.70 at the time of the sale. This included service charges of £1,922 in respect of the leasehold property.

Leasehold Property

We are in the process of surrendering the leases at the Guildford, Wokingpool and Deer Park properties.



Progress of the administration Summary

Progress of the administration (continued) Statutory Tasks

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

- Case 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 this progress report;
 - Responding to and filing correspondence received from the Company's creditors;
 - Cashiering functions including the preparation of monthly bank account reconciliations and various payments;
 - Confidential report to the Insolvency Service on the directors' conduct, as detailed below; and
 - Interaction with HM Revenue & Customs ("HMRC") 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.

Director Conduct Report

We have complied with our statutory duty to report on the conduct of the Company's directors and submitted our confidential report to the Insolvency Service on 11 June 2018.

Investigations

We have reviewed the information available to assess whether there are any matters that might lead to a recovery for the benefit of creditors, such as potential claims that may be brought against parties either connected to or who have had past dealings with the Company.

At the time of writing, our investigations remain on-going.

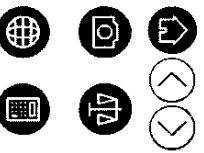
If you have any information that you feel should be brought to our attention, please contact us in writing using the Contact details on page 3.

Cost of the work done during the report period

The costs and expenses incurred during the report period are detailed below:

- Legal Costs – we have instructed lawyers to assist in the following matters:
 - Womble Bond Dickinson have assisted us with validity of appointment review, review of the Company's contracts and advice in relation to the transitional services agreement. To date, they have been paid £39,813, plus VAT, which includes pre-appointment costs.
- Freeeths LLP assisted with preparation of appointment documentation and have been paid £3,300, plus VAT, for their pre-appointment costs.
- Agent's Costs – we have instructed agents to assist in the following matters:
 - Gordon Brothers have assisted us with the sale and recovery of the fleet of motor vehicles. To date, they have been paid £24,755 plus VAT and expenses of £702.
 - Gordon Brothers were also instructed to oversee security arrangements throughout the restricted trading and asset realisation periods. Costs of £11,722 plus VAT were incurred and paid during the period.
 - MDA have been instructed to oversee the collection of book debts and retentions. To date, they have been paid £4,500, plus VAT. As noted on page 5, MDA are overseeing the collection of the significant majority of the ledger balances, and collect a commission (on collection) against all recoveries.
 - GVA have been instructed to run a marketing and sales process for the freehold property based in Rotherham. Associated costs have not yet been paid.

All professional costs are reviewed and analysed in detail before any payment is approved.



Progress of the administration Receipts and payments

Joint Administrators' receipts and payments account
12 March 2018 to 11 September 2018

SoA values Notes Period To date

Receipts			
Trading Surplus/(Deficit)	1	(74,861)	(74,861)
Goodwill	1	1	1
Contracts	1	1	1
Business Information	1	1	1
Intellectual Property	1	1	1
Rates Refunds	634	634	634
Plant & Machinery	169,994	169,994	169,994
Motor Vehicles	20,000	300,000	300,000
Stock	1	1	1
WIP	1	1	1
Book Debts	1,000,000	187,875	187,875
Pre-appointment Cash at Bank	50,000	19,739	19,739
Licence To Occupy Rent (Received)		32,667	32,667
Service Charges (Received)		1,922	1,922
Retentions		130,602	130,602
Bank Interest Gross		199	199
Sundry Refunds		357	357
Licence to Occupy Legal Fees (Received)		750	750
Total receipts		769,883	769,883
Payments			
Commissions - Book Debts		73,322	73,322
Commissions - Retentions		78,362	78,362
Finance Liabilities	2	197,878	197,878
Licence To Occupy Rent (Paid)		19,754	19,754
Service Charges (Paid)		1,917	1,917
Pre-appointment Administrator's Fees		22,971	22,971
Administrators' Fees		100,000	100,000
Licence To Occupy Legal Fees (Paid)		750	750
Agents/Valuers Fees		29,255	29,255
Agents/Valuers Expenses		702	702
Legal Fees - Post-appointment		32,900	32,900
Legal Fees - Pre-appointment		10,213	10,213
Insurance of Assets		500	500
Total payments		568,524	568,524
Balance		201,360	201,360
Made up of:			
VAT Receivable/(Payable)	3	(17,584)	(17,584)
Interest Bearing Current Account	4	212,358	212,358
Other Payroll Deductions	5	5,672	5,672
PAYE Payable	5	(57)	(57)
National Insurance Payable	5	970	970
Balance in hand		201,360	201,360

A receipts and payments account together with a separate trading account is provided opposite and on the next page, detailing the transactions in the administration to 11 September 2018, encompassing all transactions since the date of our appointment.

Notes to receipts and payments account

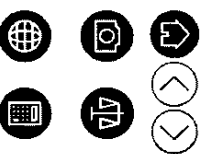
Note 1 - Please refer to the trading account overleaf.

Note 2 - Finance costs of £197,878 were incurred as part of the sale of encumbered motor vehicles conducted by Gordon Brothers.

Note 3 - All sums shown above are shown net of VAT, which is payable and will be accounted for to H M Revenue & Customs in due course.

Note 4 - All funds are held in an interest bearing account. The associated corporation tax on interest received will be accounted for to HM Revenue & Customs.

Note 5 - PAYE and National Insurance has been accounted for and will be paid to HM Revenue & Customs in due course.



Progress of the administration

Trading receipts and payments

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

Notes To date Future Total

Receipts			
Total receipts		-	-
Payments			
Employee Expenses	3	488	-
Direct Labour	1	51,358	-
Security Costs	2	11,722	-
Rental Costs	3	658	2,000
Fuel Costs	3	641	-
Plant Hire	3	-	1,000
Utilities	3	-	1,000
Pensions	3	-	5,495
Insurance	3	-	500
Total payments		64,866	9,995
Total trading loss			(74,861)

Our trading account shown opposite has been prepared on a cash basis as at 11 September 2018.

There remains costs of c.£9.9k to be settled relating to the trading period.

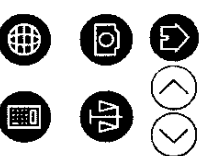
Based on current information, we anticipate a trading deficit of £74,861 will be incurred.

Notes to trading receipts and payments account

Note 1 – Direct labour costs were incurred during the restricted trading period.

Note 2 – Security costs were also incurred during the restricted trading and asset realisation periods to secure the assets of the Company.

Note 3 – Other smaller costs were incurred for employee expenses, rental costs, plant hire, fuel and utilities during the trading period.

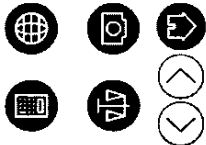


Progress of the
administration
Pre-administration
costs

Pre-administration costs

Party	Amount (£)	Approval date	Date paid
Administrators	22,971	02/06/2018	24/08/2018
Woroble Bond Dickinson	6,913	02/06/2018	30/07/2018
Total	29,884		

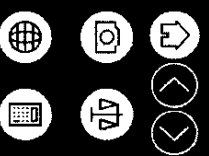
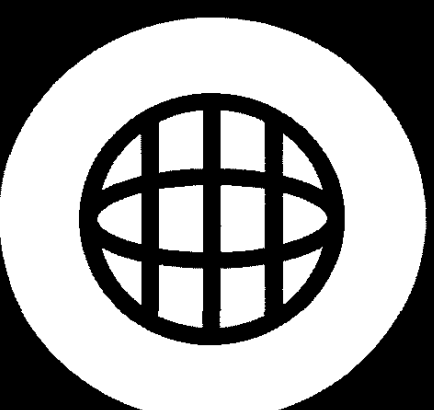
The above pre-administration costs have been paid, as shown in the receipts and payments account on page 7.



Information for creditors

Outcome

11



Information for creditors Outcome

Secured Creditors

As per the Company's books and records, Lloyds Banking Group plc ("Lloyds"), in its capacity as the Secured Creditor was owed c.£6.5m across the wider Hydrock group at the date of our appointment.

This amount is secured by way of fixed and floating charges granted by the Company on 13 November 2007. Based on currently available information, we do not expect there will be sufficient asset realisations to repay the Secured Creditor in full.

Based on currently available information, we do not expect there will be sufficient asset realisations to repay Lloyds in full. However, as previously advised, there will be a distribution of the net realisations following the sale of the Rotherham property.

Preferential Creditors

Preferential creditors consist of amounts owed to the Company's employees for arrears of wages/salaries, holiday pay and pension contributions.

Based upon current estimates of debtor and retention realisations, we anticipate there may now be a dividend available to the preferential creditors however quantum and timing is as yet unknown.

Prescribed Part

As detailed in the Proposals, we do not anticipate there to be a prescribed part fund available for distribution to unsecured creditors.

Unsecured Creditors

On present information, insufficient funds will be realised to enable a dividend to be paid to unsecured creditors.

Claims Process

As there is no prospect of a distribution for unsecured creditors, we do not intend to undertake any work to agree any creditor claims received as this work will be performed only once the dividend prospects are certain.

Extensions to the administration

We anticipate it may be necessary to request an extension to the period of the administration for a period of 12 months from 11 March 2019 to enable the collection of remaining contractual debts and retentions. Steps will be taken in this regard in due course.

Exit

As detailed in our proposals, we consider that dissolution will be the most appropriate exit route from administration.

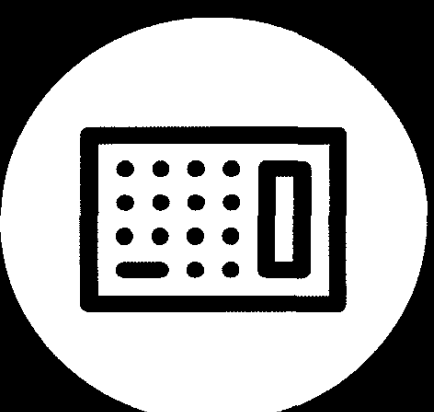




Remuneration and expenses

Joint Administrators' remuneration

13



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 Page 1 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.

Remuneration Drawn

To date, we have drawn remuneration of £100,000 against the agreed set fee amount above, as shown in the receipts and payments account on page 7.



Remuneration and expenses

Detailed information

Category 1 Disbursements

These are payments made by us direct to third parties and for which no approval is required.

Category 2 Disbursements

These are costs and expenses initially paid by us and which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs.

Disbursements

Our disbursements to date are in line with estimates provided in the proposals and are summarised below:

Category 2 Disbursements

Specific approval is required before these costs and expenses can be drawn from the administration estate. This was given by the secured creditor on 2 June 2018.

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

Details of all disbursements are given below, from which it can be seen that we have not yet recovered our disbursements in full.

Category 1 disbursements

£ (net)	Incurred to date	Paid	Total
Travel	1,414	-	1,414
Accommodation	1,134	-	1,134
Subsistence	75	-	75
Telephone	19	-	19
Postage/Couriers	-	-	-
Parking/Tolls	36	-	36
Statutory Bonding	230	-	230
Total disbursements	2,908	-	2,908

Category 2 disbursements

£ (net)	Incurred to date	Paid	Total
Mileage	1,080	-	1,080
Total disbursements	1,080	-	1,080

Please note these costs represent a difference from those reported in our proposals due to a cost allocation.

Creditors' right to request information

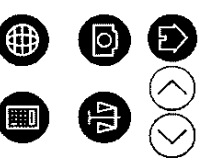
Any secured creditor or unsecured creditor (with the support of at least 5% in value of the unsecured creditors or with leave of the Court) may, in writing, request us to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must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



Deloitte.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NWE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

© 2018 Deloitte LLP. All rights reserved.