

## The Insolvency Act 1986

## Administrator's progress report

Form 2.24B(CH)

Name of Company Escombe Lambert Limited ✓	Company number 03290394
In the High Court of Justice, Chancery Division Companies Court, London (full name of court)	Court case number 8326 of 2014

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

We (a) Benjamin John Wiles and Paul David Williams of Duff & Phelps Ltd , The Shard, 32 London  
Bridge Street, London, SE1 9SG

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

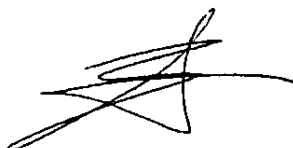
from

to

(b) Insert dates

(b) 20 November 2014

(b) 19 May 2015



Signed \_\_\_\_\_  
Joint Administrator

Dated 18/06/2015

## 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

Duff & Phelps Ltd  
The Shard  
32 London Bridge Street  
London, SE1 9SG  
  
Tel +44 (0) 20 7089 4700

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



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24/06/2015

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COMPANIES HOUSE

WEDNESDAY

**The Insolvency Act 1986**

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Dated 18/06/2015

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# **Progress Report to Creditors**

18 June 2015

## **Escombe Lambert Limited (In Administration)**

Joint Administrators' Progress Report to Creditors  
for the period from 20 November 2014 to 19 May 2015  
pursuant to Rule 2 47(1) of the Insolvency Rules 1986 (as amended)

**Duff & Phelps Ltd.  
The Shard  
32 London Bridge Street  
London SE1 9SG**

## Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
the Agency Agreement	Agreement between SCI and the Company dated 20 May 2008
the Appointment Date	20 November 2014, being the date of appointment of the Joint Administrators of the Company
Barclays	Barclays Bank plc with whom the Company banked and the holder of fixed and floating charges over the Company's assets
BIS	The Department for Business, Innovation & Skills
Category 1 Disbursements	The Joint Administrators' external costs and expenses in dealing with the Administration
Category 2 Disbursements	The Joint Administrators' internal costs and expenses in dealing with the Administration
the Committee	A committee of the Company's creditors, made up of the Committee Members
the Committee Members	20 November 2014 to 9 April 2015 - Transport Management Limited, GB Railfreight Limited and SCI  10 April 2015 onwards – Seven Lincs Limited, GB Railfreight Limited and SCI
the Company	Escombe Lambert Limited (In Administration) (Company Number 03290394)
the Court	High Court of Justice, Chancery Division, Companies Court, London
the Director	Mr Hans Joachim Schnitger, the sole director of the Company
DKT	DKT Allseas Shipping Limited (Company Number 09269664)
Duff & Phelps	Duff & Phelps Ltd , The Shard, 32 London Bridge Street, London SE1 9SG
ELH	Escombe Lambert Holdings Ltd , the Company's parent company (Company Number 05652745)
Global	Global Saga Leshaco Private Limited (Overseas Registered Company)
the Group	The Company, ELH, Interliner and Rickmers
HMRC	HM Revenue & Customs

Word or Phrase	Definition
Interliner	Interliner Logistics Limited, an associated company with common management and ownership (Company Number 04087254)
the Joint Administrators	Benjamin John Wiles and Paul David Williams of Duff & Phelps
the Landlord	Mihaj Investment Corporation Ltd (Overseas Registered Entity)
Lloyds	Lloyds Bank plc with whom the Company banked and the holder of a deposit agreement over funds held
the Premises	Wigham House, Wakering Road, Barking, Essex, IG11 8PJ
Prescribed Part	Pursuant to Section 176A of the Act, where a floating charge is created after 15 September 2003, a designated amount of the Company's net property (floating charge assets less costs of realisation) shall be made available to non-preferential unsecured creditors
the Proposals	The Joint Administrators Report to Creditors and Statement of Proposals dated 24 December 2014
the Reporting Period	From the Appointment Date to 19 May 2015
Rickmers	Rickmers-Line Agency Limited, and associated company (Company number 06898441)
RPS	Redundancy Payments Service
the Rules	The Insolvency Rules 1986 (as amended)
SCI	The Shipping Corporation of India Ltd (Overseas Registered Entity)
SIA	SIA Group (UK) London Limited Independent chartered surveyor and valuation agents who were instructed to value and sell the assets of the Company
SIP 9	Statement of Insolvency Practice 9 – Industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and disbursements
SIP 13	Statement of Insolvency Practice 13 – Industry best practice for Insolvency Practitioners in relation to the acquisition of assets of insolvent companies by Directors
SoA	Statement of Affairs, documentation to be supplied by the Director outlining the Company's financial position as at the Appointment Date
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations 2006

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- 1 Statutory Information
- 2 Joint Administrators' Receipts and Payments Account
- 3 Analysis of Time Charged and Expenses Incurred
- 4 Proof of Debt Form

**1. Introduction**

- 1 1 The Joint Administrators were appointed on the Appointment Date by the Director of the Company, pursuant to Paragraph 22 of Schedule B1 to the Act
- 1 2 The Court reference in relation to the appointment is 8326 of 2014
- 1 3 In accordance with Paragraph 100(2) of Schedule B1 to the Act the functions of the Joint Administrators are being exercised by any of the Administrators
- 1 4 The purpose of this report is to provide creditors with details of the progress of the Administration for the Reporting Period, in accordance with Rule 2 47(1) of the Rules
- 1 5 This report should be read in conjunction with the Joint Administrators' Proposals
- 1 6 Statutory information on the Company is attached at Appendix 1

**2. Joint Administrators' Report and Statement of Proposals**

- 2 1 In accordance with Paragraph 51 of Schedule B1 to the Act, a creditors' meeting was held at The Shard, 32 London Bridge Street, London, SE1 9SG on 15 January 2015. The Joint Administrators' Proposals were approved at that meeting
- 2 2 The Committee was formed at the creditors' meeting held on 15 January 2015
- 2 3 As advised in the Proposals report, the Joint Administrators must perform their functions with the purpose of achieving one of the following objectives
- Rescuing the company as a going concern, or
  - Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration), or
  - Realising property in order to make a distribution to one or more secured or preferential creditors
- 2 4 In accordance with Paragraph 49(2) of Schedule B1 to the Act the Joint Administrators note the following
- The first objective could not be achieved due to the termination of the Agency Agreement prior to the Appointment Date, resulting in the principal trading activity of the Company ceasing
  - The Joint Administrators are pursuing the second objective as they consider it is possible that a better result for the Company's creditors as a whole will be achieved than if the Company were wound up without first being in Administration. This is due to the higher degree of control that the Joint Administrators will be able to exercise over the Company's assets and ongoing asset recovery actions
  - In any event, it is presently anticipated that the third objective will be achieved as, subject to asset realisations in the Administration, it is likely that a dividend will be paid to the preferential creditors

### 3 Progress of the Administration

- 3.1 The manner in which the affairs and business of the Company have been managed since the appointment of Joint Administrators are set out below

#### Cash at Bank

- 3.2 The Company banked with both Barclays and Lloyds and had a number of accounts. Following the Appointment Date, the Joint Administrators requested that Barclays and Lloyds remit all balances to the Administration estate account. The following amounts were remitted to the Joint Administrators:

	£	US\$	€
Barclays Accounts	32,573	168,091	12,933
Lloyds Accounts	68,216	25	-
<b>Total</b>	<b>100,789</b>	<b>168,116</b>	<b>12,933</b>

- 3.3 Please note that the US dollar and the Euro balances were converted to pounds sterling at the relevant bank's spot rate on the day of transfer. Accordingly, the credit balances received from Barclays and Lloyds totalled £283,859.
- 3.4 Following a review of the Company's bank statements, the Joint Administrators established that certain debtors had paid monies into the Company's bank accounts following the Appointment Date. As such, total cash at bank as at the Appointment Date was in fact £190,232.

#### Pooling Account

- 3.5 ELH is currently holding the sum of £214,539 in a general Group clearing account held with Barclays. These funds have been identified as having been received solely from the Company in the weeks preceding the Appointment Date and, accordingly, the Joint Administrators intend to pursue the return of these sums.
- 3.6 Whilst discussions regarding the ownership of the funds are ongoing, the Joint Administrators have agreed with ELH to have a block placed on the Pooling Account, in order to ensure that the funds are not dissipated. Barclays has confirmed that this block is in effect.

#### Inter-Company Loans

- 3.7 As at 30 November 2014 the position, according to the Company's accounts can be summarised as follows:

Entity	Debtor / (Creditor) £
ELH	2,694,709
Interliner Ireland	(2,399,825)
Interliner Slovenia	65,000

- 3.8 The Joint Administrators previously reported that according to the Company's books and records, the Company is owed the sum of £2,597,930 by ELH as at the Appointment Date.



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- 3 9 The Joint Administrators have since discussed this matter with ELH in conjunction with reviewing the Company's reinstated AS400 accounting server. Accordingly, as at 30 November 2014, the sum of £2,694,709 is shown as owing to the Company by ELH.
- 3 10 The above amount is disputed by the Director, who has claimed that c£1.75m was loaned by ELH to the Company, albeit paid directly by him to the Company.
- 3 11 The Joint Administrators are continuing to review this matter and will pursue the full amount due to the Company.

**Book Debts**

- 3 12 By virtue of the Agency Agreement, it is anticipated that a significant proportion of the Company's book debt ledger at the Appointment Date of £735,745 represents freight monies in respect of SCI shipments and is therefore payable to SCI.
- 3 13 As mentioned in section 3.4, the Joint Administrators have reviewed the Company's pre-appointment bank statements to determine the value of debtor receipts received into the Company's bank accounts held with Lloyds and Barclays subsequent to the Appointment Date.
- 3 14 The Joint Administrators have concluded that debtor receipts totalling £129,687 have been received since the Appointment Date. Please note that of this amount, the total sum of £17,538 relates to unallocated receipts whereby the payer cannot be located on the Company's debtor list. However, upon review of the bank statement narrative, the Joint Administrators have concluded that it is logical to allocate these receipts as collections of monies due from customers.
- 3 15 As noted above, the Company acted as agent for SCI and as such, the vast majority of the debtor receipts that have been collected are being held on behalf of SCI. The Joint Administrators understand that a portion of these debtor monies are due to the Company, being commission amounts, but the vast majority of the receipts are due to SCI.
- 3 16 In view of the above, the Joint Administrators are liaising with SCI and the Committee to form a proposal to SCI in order for them to purchase the Company's entire book debt ledger for an amount of consideration.
- 3 17 The Joint Administrators will provide further information with regard to book debt collections and / or the assignment of the book debts to SCI to creditors in their next report.

**Shares in Global**

- 3 18 As previously advised, the Company holds a 32 percent shareholding in Global, which has a book value in the Company's accounts of £226,435. The Joint Administrators have made contact with Global and have confirmed their intention to sell the Company's interest in Global.
- 3 19 The Joint Administrators have engaged legal advisors, ALMT Legal, in India to advise and assist the Joint Administrators in the process of realising any value in the shareholding. The Joint Administrators continue to liaise with ALMT Legal with regard to ensuring that legal preparation work for the sale of the shareholding is completed in a timely manner.
- 3 20 The Joint Administrators will provide a further update to creditors in their next report.

#### **Office Equipment and Furniture**

- 3 21 As previously reported, following the appointment of the Joint Administrators, SIA were instructed to carry out an inventory itemisation and valuation of the Company's office equipment, computer equipment and chattel assets
- 3 22 As reported in the Proposals, Interliner purchased certain of the Company's equipment and furniture, fixtures and fittings and chattel assets for £8,750 plus VAT. The sale of these assets completed on 5 December 2014 and the sales consideration was received in the Reporting Period
- 3 23 It is noted that the Director is also a director of Interliner and, in accordance with SIP 13 the Joint Administrators and their agents are satisfied that the sale to Interliner represented fair value for the Company's assets
- 3 24 In addition to the above, further computer equipment and office furniture and equipment was marketed for sale by SIA. The Joint Administrators received sales consideration during the Reporting Period for the sum of £1,940 plus VAT
- 3 25 The only remaining asset of the Company which is yet to be marketed for sale is the Company's accounting system, being the AS400 server. The Joint Administrators require the use of this server for investigative purposes but following conclusion of same, they will look to market and sell this remaining asset

#### **Motor Vehicles**

- 3 26 The Company owned six motor vehicles as at the Appointment Date. The Joint Administrators instructed SIA to undertake a valuation of the motor vehicles accordingly
- 3 27 As reported in the Proposals, SIA agreed a sale of the Company's motor vehicles for the sum of £36,500. The sales consideration was received into the Administration estate during the Reporting Period
- 3 28 There will be no further realisations from motor vehicles

#### **Pre-appointment VAT Refund**

- 3 29 According to its accounting records, the Company is in a VAT reclaim position in respect of its trading activity in October 2014 and November 2014 to the sum of approximately c£130k
- 3 30 The Joint Administrators have now submitted VAT returns to HMRC in respect of the above and are awaiting the VAT refund
- 3 31 The Joint Administrators will provide an update in this respect in due course

#### **Overpayment of PAYE and NIC Contributions**

- 3 32 Following the Appointment Date, the Joint Administrators were made aware that a number of overpayments had been made in respect of PAYE and NIC contributions from June 2014
- 3 33 As previously reported, it is understood that the overpayments have arisen as a result of both the Company and its payroll agents, UHY Hacker Young LLP, making payments to HMRC for PAYE and NIC on a monthly basis

- 3 34 According to the Company's books and records, it is understood that overpayments for the period from June 2014 to October 2014 total £108,835. However, after Crown set-off being applied for the non-payment of the November PAYE and NIC, of approximately £4,700, it is anticipated that realisations could total up to £104,000.
- 3 35 It should be noted that HMRC has a statutory right of applying Crown set-off of any repayments due against any liabilities. It is the Joint Administrators' understanding that there are no amounts owing to HMRC, other than the November PAYE and NIC. However, should this not be the case it may materially impact on the likely recoveries from the overpayments.
- 3 36 The overpayments totalling £108,835 are currently subject to ongoing discussions with HMRC. However, the Joint Administrators have received confirmation from HMRC that any refund due will not be paid until the pre-appointment VAT returns and Corporation Tax return are completed and submitted to HMRC.
- 3 37 The Joint Administrators are currently liaising with their tax agents in order to complete the outstanding pre-appointment Corporation Tax return and as detailed in section 3 30, the outstanding pre-appointment VAT returns have now been submitted.
- 3 38 The Joint Administrators will provide a further update to creditors in due course.

#### **Leasehold Premises**

- 3 39 The Company operated from the Premises under a lease agreement with the Landlord. The rent was pre-paid on a quarterly basis and as at the Appointment Date the rent was paid to the December quarter date.
- 3 40 As previously reported, it was understood that, in respect of a surrender of part of Company's office space in the Premises, a £11,000 credit was applied to the Company's account for the purposes of setting off against future rent and service charge.
- 3 41 The Joint Administrators were in discussions with the Landlord with regard to the return of these monies, however, the Joint Administrators concluded that it was not viable to pursue such a claim and have agreed to surrender the remainder of the Company's lease whereby the Landlord has no residual claim.
- 3 42 In view of the above, there are no anticipated realisations in this regard.

#### **VAT Bad Debt Relief Claim**

- 3 43 As detailed in section 3 16, the Joint Administrators are liaising with SCI and the Committee in respect of selling the book debt ledger to SCI for an amount of consideration. Until such time, it will not be possible to consider any VAT bad debt relief claim.
- 3 44 Further, due to the international nature of the Company's business, some of the invoices raised by the Company do not attract VAT.
- 3 45 The Joint Administrators will provide a further update to creditors in their next report.

#### **Prepayments**

- 3 46 The Joint Administrators were aware of a number of insurance and rates prepayments that have been made by the Company. The book value of these prepayments was approximately £9,000.

3 47 The Joint Administrators pursued these miscellaneous prepayments and the total sum of £12,188 has been received in the Reporting Period

3 48 There are no further anticipated realisations in this regard

#### **Legal Claims**

3 49 As detailed in the Joint Administrators' Proposals, there have been allegations of erroneous invoicing practices by the Company, which are being reviewed in detail as part of the Joint Administrators' investigations

3 50 The Joint Administrators are currently liaising with their legal advisors and the Committee and are in the preliminary stages of their investigations

3 51 The Joint Administrators are unable to provide any further detail at this time for confidentiality reasons and so as to not prejudice the outcome of these claims. However, in the event that such investigations give rise to potential courses of action, that are commercially beneficial to pursue, the Joint Administrators would seek to exercise their powers for the benefit of the Company's creditors accordingly and having discussed with the Committee

#### **4. Investigations**

4 1 The Joint Administrators' investigations into the Company's affairs are currently ongoing. The Joint Administrators cannot, at this stage, detail the nature of these investigations as it may hamper any further action that may be required. However, should any of the Company's creditors have information concerning the Company's affairs that they would like to bring to the Joint Administrators' attention, please contact this office

4 2 The Joint Administrators have complied with their statutory obligation to file a report with BIS regarding the conduct of all directors of the Company that served in the three years prior to the Joint Administrators' appointment. The content of this report is confidential and was submitted to BIS on 19 May 2015

4 3 The Joint Administrators also have a duty to investigate antecedent transactions which include

- Transactions at an undervalue, Section 238 of the Act,
- Preferences, Section 239 of the Act, and
- Transactions to defraud creditors, Section 423 of the Act

4 4 During the Joint Administrators preliminary investigations there were a number of transactions that on the face of it required investigation. In view of this, the Joint Administrators engaged the services of Duff & Phelps' Dispute and Legal Management Consulting team for the purposes of the forensic investigation into the Company's financial and accounting transactions

4 5 The Joint Administrators have incurred significant time costs in conducting their investigations to date, which has included the following

- Analysis of the Company's and ELH's bank accounts,
- Analysis of utilisation of the funds received into the Company's bank accounts,

- Detailed review of financial statement and inter-company positions,
- The role of various individuals and professional advisers,
- Review of other related information,
- Attending meetings with solicitors

- 4 6 The Joint Administrators are liaising directly with the Committee in order to determine the next steps, but will keep the creditors informed of any significant developments. As noted in section 3.51, it is not possible to comment further on possible asset recovery actions or other legal claims so as not to prejudice these claims.

## **5. Dividend Prospects / Prescribed Part**

### **Secured Creditors**

#### **Barclays**

- 5 1 In consideration of monies advanced under an overdraft facility, the Company granted Barclays a debenture, dated 6 November 2006, which confers fixed and floating charges over all of the assets of the Company. The debenture also secures lending by Barclays to the Group under a cross guarantee.
- 5 2 The Company's principal indebtedness to Barclays at the Appointment Date is nil, however, the Joint Administrators understand that there may be contingent liabilities arising in relation to the Company's obligations under the inter-company guarantees. Accordingly the quantum of the Company's liability to Barclays is currently uncertain.
- 5 3 In the event that the Company's contingent liabilities become quantifiable and are caught under the debenture with Barclays, it is anticipated that there will be sufficient funds to make a distribution under the same.

#### **Lloyds**

- 5 4 In consideration of monies advanced under an overdraft facility, the Company granted Lloyds a Deposit Agreement, dated 25 August 2010, which confers the rights to repayment of the debt on any account the Company held with Lloyds.
- 5 5 It is the Joint Administrators' understanding that prior to the Appointment Date, the sum of £200,000 was paid to Lloyds in full and final settlement of all debt outstanding and a Deed of Satisfaction is to be filed. Therefore, it is not believed that there are any amounts owing to Lloyds.

### **Preferential Creditors**

- 5 6 Following the cancellation of the Agency Agreement and the transfer of the majority of the Company's workforce to DKT, under TUPE, only eleven employees remained with the Company.
- 5 7 Of these employees, six were retained by the Joint Administrators for the period 20 November 2014 to 30 November 2014 and their arrears of pay were settled by the Joint Administrators, resulting in an entitlement to claim for accrued holiday pay only.

- 5 8 The remaining five entitled to claim their arrears of pay, subject to statutory limits, together with accrued unpaid holiday pay from the RPS. This includes certain employees who left the Company prior to the Appointment Date and whom were not paid their November salary, together with a number of employees who believe that they should have been transferred to DKT, but where the transfer has been disputed
- 5 9 The employees' claims have been subrogated to the Secretary of State, following payment by the RPS
- 5 10 A preferential claim has been received from the RPS for the sum of £3,925
- 5 11 Based on current information, it is anticipated that there will be sufficient assets realisation to repay the preferential creditor in full

#### **Prescribed Part**

- 5 12 The Prescribed Part is calculated as a percentage of net property, as follows
- |                                   |  |
|-----------------------------------|--|
| Net property less than £10,000    | 50% unless the Joint Administrator considers that the costs of making a distribution to the non-preferential unsecured creditors would be disproportionate to the benefits of the same |
| Net property greater than £10,000 | 50% up to £10,000 plus 20% thereafter to a maximum of £600,000   |
- 5 13 The Company granted a floating charge to Barclays on 6 November 2014 and therefore, the Prescribed Part provisions will apply if there is an outstanding liability due to Barclays under its floating charge
- 5 14 In the event that there is no liability arising in respect of contingent claims from Barclays, then then Prescribed Part will not apply. The Joint Administrators are currently seeking clarification in this respect of this matter and will provide creditors with a further update with regard to the Prescribed Part in their next report
- 5 15 In the event that the provisions of the Prescribed Part are applicable in respect of the Company, based on current information, it is anticipated that there will be sufficient asset realisations to enable to be paid to non-preferential unsecured creditors, via the Prescribed Part

#### **Unsecured Creditors**

- 5 16 According to the Company's books and records at the Appointment Date, non-preferential unsecured creditors total £9,912,113. The non-preferential unsecured creditors can be summarised as follows

Creditor	Amount
Trade & Expense Creditors	£ 1,782,288
Inter-Company Balances	£ 2,399,825
SCI	£ 5,730,000
<b>Total</b>	<b>£ 9,912,113</b>

- 5 17 Please note that is the Joint Administrators' understanding that many of the liabilities stated on the creditor ledger were incurred by the Company as agent on behalf of SCI. In such cases, it is possible that SCI are liable for the majority of the amounts stated and not the Company.
- 5 18 Please also note that the above detailed claim from SCI is provisional only and subject to change.
- 5 19 Based upon the current information available, it is anticipated that there may be sufficient realisations to enable a distribution to the non-preferential unsecured creditors of the Company. However, it should be noted that, whilst the quantum cannot yet be determined, the quantum of the distribution it is likely to be significantly impacted by any amount admitted to rank for dividend purposes in respect of SCI.
- 5 20 If not already done so creditors of the Company should complete the Proof of Debt form at Appendix 4 and return same to the Joint Administrators.

## **6 Joint Administrators' Receipts and Payments Account**

- 6 1 A detailed receipts and payments account for the Reporting Period is shown in Appendix 2.
- 6 2 As at 17 June 2015 there was a cash / cash equivalent balance of £132,016.

## **7 Pre-Administration Costs**

- 7 1 Pre-administration costs are defined in the Rules as fees charges and expenses incurred by the Administrators or their firm, or another person qualified to act as an Insolvency Practitioner, before the Company entered Administration but with a view to its doing so.
- 7 2 The time costs incurred by Duff & Phelps in relation to advising the Company on its financial position, insolvency options and thereafter taking the necessary steps to place the Company into Administration were £6,613 plus VAT. A breakdown of the Joint Administrators' pre-Administration time costs is attached at Appendix 3.
- 7 3 Pre-administration costs were incurred on the basis of an engagement letter between the Company and Duff & Phelps which was agreed on 7 November 2014. The scope of the engagement were for Duff & Phelps to assist in confirming the Company's financial position, assessing the options available to the Company and liaising with its creditors and other advisors on an ad hoc basis. As of 17 November 2014, the scope of Duff & Phelps' work was to take the steps necessary to place the Company into Administration.
- 7 4 Duff & Phelps' pre-administration costs of £6,613 plus VAT were approved by the Committee at the first meeting of the Committee held on 15 January 2015. These costs were paid in full during the Reporting Period.
- 7 5 In addition, time costs of £11,843 plus disbursements of £157 plus VAT were incurred by Taylor Wessing LLP in respect to the pre-administration period legal advice.
- 7 6 The Committee approved Taylor Wessing LLP's pre-appointment fees of £8,200 plus disbursements plus VAT at the second meeting of the Committee held by conference call on 3 March 2015. This amount was paid in full outside of the Reporting Period on 10 June 2015.

- 7.7 The Joint Administrators are seeking approval from the Committee in respect of the outstanding balance due to Taylor Wessing LLP, totalling £3,643 plus VAT

## **8 Joint Administrators' Costs and Expenses**

- 8.1 The basis of the Joint Administrators' remuneration was fixed on the basis of the time properly incurred by them and their staff in attending matters during the Administration by the Committee at the first Committee meeting held on 15 January 2015
- 8.2 The time costs incurred during the Reporting Period by Duff & Phelps total £571,980 and are as analysed at Appendix 3. Time has been charged in six minute units
- 8.3 A total of £150,000 has been paid during the Reporting Period in respect of the Joint Administrators' remuneration, all of which was paid in the Reporting Period. Details of payments are shown on the receipts and payments account at Appendix 2
- 8.4 The Joint Administrators' disbursements are also detailed at Appendix 3
- 8.5 Information regarding the fees and disbursements of Administrators, including details of the Duff & Phelps' disbursements policy and hourly charge out rates for each grade of staff that may undertake work on this case, is in a document called "A Creditors' Guide to Administrators' Fees". This can be viewed and downloaded from the Joint Administrators' website at <http://www.duffandphelps.com/uk-restructuring/creditor-guides>. Should you require a copy, please contact this office.
- 8.6 In accordance with Rule 2.48A of the Rules, Secured Creditors and unsecured creditors (with the concurrence of at least 5% in value of total unsecured creditor claims or with the permission of the court), may make a request in writing for further information about the remuneration or expenses set out in this progress report. This should be done within 21 days receipt of this report, after which the Joint Administrators have 14 days to respond.
- 8.7 In addition to the above, any Secured Creditor, or any unsecured creditor (with the support of at least 10% in value of the total unsecured creditors or with the permission of the court), may apply to the court on the grounds that the remuneration or basis fixed for the Administrators' remuneration or the expenses incurred by the Joint Administrators are considered to be excessive. In accordance with Rule 2.109 of the Rules, this application must be made no later than eight weeks after receipt of the Progress Report, where the charging of the remuneration or the incurring of expenses in question occurs.

## **9 Conclusion and Ending the Administration**

- 9.1 An Administration automatically comes to an end after one year, unless an extension is granted by the Court or with the creditors' consent
- 9.2 The options available to the Joint Administrators for the exit from the Administration are as follows
- Compulsory Liquidation
  - Creditors' Voluntary Liquidation
  - Company Voluntary Arrangement
  - Return of control to the Director
  - Dissolution of Company



- 9 3 The outcome of the Administration will largely be dependent upon the outcome of certain potential legal claims. The Joint Administrators are hopeful that there will be sufficient realisations to enable a distribution to be made to non-preferential unsecured creditors, from the Prescribed Part, or otherwise.
- 9 4 In the event that the Joint Administrators form the view that a distribution can be made to the non-preferential unsecured creditors, then the Joint Administrators recommend that the Company be moved into Creditors' Voluntary Liquidation.
- 9 5 It is proposed that the Joint Administrators, currently Benjamin Wiles and Paul Williams of Duff & Phelps be appointed as Joint Liquidators of the Company should it be placed into Creditors' Voluntary Liquidation.
- 9 6 In the event that there are insufficient realisations to permit a distribution to the non-preferential unsecured creditors, then the Joint Administrators recommend that the Company be dissolved. In this event, it is proposed that once all outstanding matters have been satisfactorily completed, the Joint Administrators will give notice to the Registrar of Companies under Paragraph 84 of the Act to the effect that the Company has no property to realise which might permit a distribution to the non-preferential unsecured creditors, at which time the Administration will cease. The Company will be dissolved three months following the registration of the notice at the Registrar of Companies.
- 9 7 However, it is possible that an extension of the Administration is required in order to pursue any possible legal claims and to finalise administrative matters. In which case, the Joint Administrators will seek creditors' consent to extend the Administration in accordance with Paragraphs 76 and 78 of Schedule B1 of the Act.

**10. Next Report**

- 10 1 Generally the Joint Administrators will provide a Progress Report within one month of the end of each six months of the Administration or earlier if an extension to the period of the Administration is required.
- 10 2 On present information, it is anticipated that the Administration will not conclude within the next six months and therefore, should an extension be required, the next report to creditors will be provided to creditors no later than 19 November 2015.
- 10 3 If you have any queries or require any further assistance, please do not hesitate to contact my colleague Kelsey Hedgecock of this office.

For and on behalf of  
Escombe Lambert Limited



**Benjamin Wiles**  
Joint Administrator

Encs

The affairs, business and property of the Company are being managed by the Joint Administrators, Benjamin Wiles and Paul Williams, who act as agents for the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association.

**Appendix 1**

**Statutory Information**

**Statutory Information**

<b>Date of Incorporation</b>	11 December 1996
<b>Registered Number</b>	03290394
<b>Company Director</b>	Mr Hans Joachim Schnitger
<b>Shareholder</b>	ELH – 100%
	100,000 ordinary shares of £1 each
<b>Trading Address</b>	Wigham House Wakering Road Barking Essex IG11 8PJ
<b>Registered Office</b>	<b>Current:</b> c/o Duff & Phelps Ltd The Shard 32 London Bridge Street London SE1 9SG  <b>Former:</b> Wigham House Wakering Road Barking Essex IG11 8PJ

## Financial Information

### Balance Sheet

	As at 31 December 2013 (Draft)	As at 31 December 2012 (Audited)
	£	£
<b>Fixed Assets</b>		
Tangible Assets	102,812	141,638
Investments	226,434	226,635
	<b>329,246</b>	<b>368,273</b>
<b>Current Assets</b>		
Debtors	4,340,508	3,661,403
Cash at Bank	410,915	406,267
	<b>4,751,423</b>	<b>4,017,670</b>
<b>Creditors Amounts Falling</b>		
Due Within One Year	<b>(4,524,390)</b>	<b>(3,943,801)</b>
<b>Net Current Assets</b>	<b>227,033</b>	<b>73,869</b>
<b>Total Assets Less Current Liabilities</b>	<b>556,279</b>	<b>442,142</b>
<b>Capital and Reserves</b>		
Called Up Share Capital	100,000	100,000
Profit and Loss Account	456,279	342,142
	<b>556,279</b>	<b>442,142</b>

DUFF & PHELPS

## Profit and Loss

		Year Ended 31 December 2013 (Draft)		Year Ended 31 December 2012 (Audited)
<b>Turnover</b>	£	<b>3,368,307</b>	£	<b>3,584,973</b>
<b>Cost of Sales</b>	£	<b>(1,141,725)</b>	£	<b>(1,556,429)</b>
<b>Gross Profit</b>	£	<b>2,226,582</b>	£	<b>2,028,544</b>
<b>Overheads</b>				
Administrative Expenses	£	(2,271,523)	£	(1,927,708)
Exceptional Items	£	-	£	(137,921)
<b>Other Operating Income</b>	£	<b>110,913</b>	£	<b>152,626</b>
<b>Operating Profit</b>	£	<b>65,972</b>	£	<b>115,541</b>
<b>Investment Income</b>	£	<b>49,150</b>	£	<b>49,880</b>
<b>Other Interest Receivable and Other Income</b>	£	<b>161</b>	£	<b>254</b>
<b>Interest Payable and Similar Charges</b>	£	<b>(1,146)</b>	£	<b>154</b>
<b>Profit Before Tax</b>	£	<b>114,137</b>	£	<b>165,521</b>
<b>Corporation Tax</b>	£	<b>-</b>	£	<b>(38,379)</b>
<b>Profit for the Year</b>	£	<b>114,137</b>	£	<b>127,142</b>

DUFF & PHELPS

**Appendix 2**

**Joint Administrators' Receipts and Payments Account**

**Escombe Lambert Limited (In Administration)**  
**Joint Administrators' Receipts and Payments Accounts**

For the Reporting Period

For the Period 20 November 2014  
to 17 June 2015

RECEIPTS	Fixed (£)	Floating (£)	Fixed (£)	Floating (£)
Furniture & Equipment	Nil	8,750 00	Nil	8,750 00
Motor Vehicles	Nil	36,500 00	Nil	36,500 00
Debtors	Nil	129,687 46	Nil	129,687 46
Cash at Bank	Nil	190,231 75	Nil	190,231 75
Sundry Refunds	Nil	12,187 97	Nil	12,187 97
Bank Interest Gross	Nil	39 10	Nil	46 11
Private Treaty Sales	Nil	1,940 00	Nil	1,940 00
Petty Cash	Nil	154 12	Nil	154 12
	<b>0 00</b>	<b>379,490 40</b>	<b>0 00</b>	<b>379,497 41</b>

**PAYMENTS**

Premises Costs	Nil	250 00	Nil	250 00
IT Professional Services	Nil	11,190 00	Nil	11,190 00
IT Disbursements	Nil	638 50	Nil	638 50
Sub Contractors	Nil	1,540 00	Nil	2,390 00
Pre-Appointment Remuneration	Nil	6,612 50	Nil	6,612 50
Joint Administrators' Remuneration	Nil	150,000 00	Nil	150,000 00
Joint Administrators' Disbursements	Nil	1,363 82	Nil	1,363 82
Accountants' Fees	Nil	2,000 00	Nil	2,000 00
Agents/Valuers' Fees	Nil	8,561 50	Nil	8,561 50
Agents/Valuers' Disbursements	Nil	521 64	Nil	521 64
Pre-Appointment Legal Fees	Nil	Nil	Nil	8,200 00
Pre-Appointment Legal Disbursements	Nil	Nil	Nil	156 76
Legal Fees	Nil	28,493 40	Nil	28,493 40
Legal Disbursements	Nil	147 59	Nil	147 59
Stationery & Postage	Nil	183 00	Nil	183 00
Storage Costs	Nil	7,218 17	Nil	7,418 17
Re-Direction of Mail	Nil	120 00	Nil	280 00
Statutory Advertising	Nil	169 20	Nil	169 20
Insurance of Assets	Nil	1,333 34	Nil	1,333 34
Wages and Salaries	Nil	14,922 43	Nil	14,922 43
PAYE and NI	Nil	2,473 99	Nil	2,473 99
Bank Charges	Nil	175 24	Nil	175 24
	<b>0 00</b>	<b>237,914 32</b>	<b>0 00</b>	<b>247,481 08</b>

**BALANCE**

	<b>0 00</b>	<b>141,576 08</b>	<b>0 00</b>	<b>132,016 33</b>
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**MADE UP AS FOLLOWS**

Floating / Main Current Account	105,840 12
Debtor Collections Account	2,183 70
VAT Receivable / (Payable)	23,992 51
	<b>132,016 33</b>

**Appendix 3**

**Analysis of Time Charged and Expenses Incurred**



**Analysis of the Joint Administrators' Time Costs**  
**Escombe Lambert Limited (in Administration)**  
**For the Reporting Period**

Classification of Work Function	Hours					Total Hours	Time Cost	Avg Hourly
	Partner	Manager	Senior	Assistant	Support			
<b>Administration and Planning</b>								
Strategy Planning & Control	17 00	28 30	53 30	70 00	0 00	168 60	60 334 00	357 85
Statutory Matters (Meetings & Reports & Notices)	8 00	4 00	30 80	61 90	0 00	104 70	27 529 50	262 94
Dealings with Directors and Management	4 50	3 80	16 00	16 40	0 00	40 70	13 877 50	343 43
Cashiering & Accounting	0 00	5 60	10 10	38 60	0 00	54 30	12 318 50	226 86
Case Review and Case Diary Management	0 00	6 20	5 80	45 50	0 00	57 50	11 417 00	198 56
Tax Compliance/Planning	0 00	1 40	0 00	15 35	0 00	16 75	3 067 00	183 10
Insurance	0 00	0 20	0 80	5 00	0 00	6 00	1 445 00	240 83
IPS Set up & Maintenance	0 00	0 10	0 00	8 80	0 00	8 90	1 200 50	134 89
Statement of Affairs	0 00	0 10	0 00	0 00	0 00	0 10	48 00	480 00
<b>Creditors</b>								
Creditors Committee	2 00	9 05	26 60	40 40	0 00	78 05	26 513 50	339 70
Communications with Creditors/Employees	8 50	5 30	19 50	39 00	0 00	72 30	24 032 50	332 40
Non Pref Creditors/Employee Claims Handling	0 00	0 40	4 50	59 90	0 00	64 80	9 290 00	143 36
Non Pref Creditor Claims Adjudication and Distribution	0 00	0 00	0 00	4 90	0 00	4 90	588 00	120 00
Pref Claims Adjudication and Distribution	0 00	0 00	0 00	2 20	0 00	2 20	583 00	265 00
<b>Investigations</b>								
Financial Review and Investigations (S238/239 etc)	44 20	383 60	286 70	254 40	0 00	968 90	333,772 50	344 49
CDDA & Reports & Communication	0 00	0 50	3 20	23 90	0 00	27 60	5 097 00	184 67
Forensic Sales Ledger Investigation	0 00	0 00	7 20	0 00	0 00	7 20	2 448 00	340 00
<b>Realisation of Assets</b>								
Book Debts	0 00	11 20	11 60	61 80	0 00	84 60	18 296 00	216 26
Other Intangible Assets	0 00	5 00	20 40	9 10	0 00	34 50	12 047 50	349 20
Freehold and Leasehold Property	0 00	0 90	4 10	4 40	0 00	9 40	2,671 50	284 20
Other Tangible Assets	1 00	0 20	4 50	2 80	0 00	8 50	2 562 00	301 41
Pre-Appointment Tax Reclaims	0 00	0 20	0 80	4 30	0 00	5 30	1 604 00	302 64
Plant & Machinery & Fixtures & Motor Vehicles	0 00	1 20	0 00	0 70	0 00	1 90	761 50	400 79
Hire Purchase and Lease Assets	0 00	0 00	0 00	0 20	0 00	0 20	64 00	320 00
<b>Trading</b>								
Trading Employees	0 00	0 60	0 00	0 20	0 00	0 80	312 00	390 00
<b>Total Hours</b>	<b>85.20</b>	<b>467 85</b>	<b>505 90</b>	<b>769 75</b>	<b>0 00</b>	<b>1,828 70</b>		<b>312 78</b>
<b>Total Fees Claimed</b>	<b>51,120 00</b>	<b>216,323 00</b>	<b>171,828 00</b>	<b>132,709 00</b>	<b>0 00</b>		<b>571,980 00</b>	

**Category 1 Disbursements**

Category of Disbursement	£
Bond Premium (Willis Limited)	225 00
Travel and Subsistence	607 78
Locksmith (Locksmiths 2 Go Ltd London)	396 41
Postage (Pitney Bowes)	240 00
<b>Total</b>	<b>1,469 19</b>

**Category 2 Disbursements**

There are no Category 2 Disbursements

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**Escombe Lambert Limited (In Administration)**  
**Duff & Phelps' Time Costs prior to the Administration**

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Classification of Work Function	Hours					Total Hours	Time Cost	Hourly Rate
	Partner	Manager	Senior	Assistant	Support			
Administration and Planning								
Dealing with Notice of Intention to Appoint	0 00	1 30	0 00	0 00	0 00	1 30	624 00	480 00
IPS Set-Up and Maintenance	0 00	0 00	0 00	1 30	0 00	1 30	156 00	120 00
Strategy Planning and Control	3 00	0 00	5 50	2 50	0 00	11 00	4,332 50	393 86
Creditors								
Secured Creditors	2 50	0 00	0 00	0 00	0 00	2 50	1 500 00	600 00
Total Hours	5 50	1 30	5 50	3 80	0 00	16.10		410 71
Total Fees Claimed	3,300 00	624 00	1,870 00	818 50	0 00		6,612 50	

**Appendix 4**

**Proof of Debt Form**

**Proof of Debt – General Form**

<b>Escombe Lambert Limited (In Administration)</b>		
Date of Administration 20 November 2014		
1	Name of creditor (If a company please also give company registration number)	
2	For correspondence Address of creditor	
	Contact telephone number of creditor	
	Email 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 Administration	
4	Details of any documents by reference to which the debt can be substantiated (Note There is no need to attach them now but the Administrator may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting)	
5	If amount in 3 above includes outstanding uncapitalised interest please state amount	£
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)	
7	Particulars of any security held, the value of the security, and the date it was given	
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates	
9	Signature of creditor or person authorised to act on his behalf _____	
	Name in BLOCK LETTERS _____	
	Position with or in relation to creditor _____ Address of person signing (if different from 2 above) _____	
<b>For Administrators' Use only</b>		
Admitted to vote for		Admitted for dividend for
£		£
Date		Date
Administrator		Administrator