

The Insolvency Act 1986  
Statement of administrator's proposals

Name of Company  Tube Supply International Limited	Company number  03553699
In the High Court of Justice Chancery Division Newcastle upon Tyne District Registry (full name of court)	Court case number  0446 of 2016

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

I/We (a)  
**Gordon Smythe Goldie**  
**Tait Walker**  
**Bulman House**  
**Regent Centre, Gosforth**  
**Newcastle upon Tyne**  
**NE3 3LS**

**Andrew David Haslam**  
**Tait Walker**  
**Bulman House**  
**Regent Centre, Gosforth**  
**Newcastle upon Tyne**  
**NE3 3LS**


\*Delete as  
applicable

attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) 26 January 2017

Signed

  
Joint / Administrator(s)

Dated

26 January 2017

**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

**Gordon Smythe Goldie**  
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**Administrators' Proposals relating to  
Tube Supply International Limited ("the Company") – In  
Administration**

**0446 of 2016  
In the High Court of Justice Chancery Division, Newcastle upon  
Tyne District Registry**

**Issued on: 26 January 2017**

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**The affairs, business and property of the Company are being managed by Andrew David  
Haslam and Gordon Smythe Goldie as Joint Administrators, who act as agents of the  
Company and without any personal liability**

## **TUBE SUPPLY INTERNATIONAL LIMITED - IN ADMINISTRATION ("The Company")**

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## **1. INTRODUCTION**

*Gordon Smythe Goldie and I are the Joint Administrators of the Company and these are our statutory proposals relating to the Company*

*Andrew David Haslam is a partner and Gordon Smythe Goldie is a consultant in Tait Walker Turnaround and Insolvency (a division of Tait Walker LLP) and both are licensed to act as insolvency practitioners in the United Kingdom by The Institute of Chartered Accountants in England & Wales*

*We confirm that we do not consider that any material conflict or relationship existed or exists which would have prejudiced us taking this appointment and no subsequent ethical issues have arisen to date which would impact on our duties as office holders*

*This document sets out information required by statute, and to assist creditors in considering the Administrators' proposals. This report contains the same information that will be presented to the meeting of creditors*

*This report has been prepared for the purposes of complying with the Joint Administrators' statutory duties. It should not be relied upon by any person for any other purpose and in any other context, and any person doing so does at their own risk*

*Any estimated outcomes or dividend prospects for creditors incorporated within this report are illustrative and subject to change depending on the ultimate proceeds of realisation, costs of the administration, and levels of creditor claims. As such, such estimates or dividend prospects cannot be relied upon and should only be used as guidance as to the actual outcome*

*The Joint Administrators act as agents of the Company and without any personal liability whatsoever.*

## **2. STATUTORY INFORMATION AND DETAILS OF THE ADMINISTRATORS' APPOINTMENT**

*Statutory information and details of the Administrators' appointment relating to the Company is attached at Appendix 1*

## **3. CIRCUMSTANCES LEADING TO THE APPOINTMENT OF THE ADMINISTRATORS AND BACKGROUND INFORMATION**

### **Background to the Administration**

*The Company was incorporated in 1998 after brothers Paul and David Wigham left a business in the same industry and took the opportunity to set up on their own. The Company specialises in the worldwide supply of heat exchange pipes to a consistently high quality. As the Company built up a large inventory, it was able to meet almost any worldwide emergency or planned maintenance requirements. The Company supplied into*

the oil & gas, offshore, power generating, petrochemical and steel production sectors amongst others

In order to gain immediate market reputation and initial penetration, the directors discussed their new venture with SRD Steel & Pipe SA ("SRD"), part of the Germany based Technitube Rohrenwerke Group ("TPS"). It was agreed that TPS would give the Company sole UK agency status in return for a controlling 51% of the shareholding, and the directors agreed to this. In addition, an initial cash investment was introduced of £37,500 this subsequently being repaid in full. As TPS were one of the largest mill's in Europe, with unrivalled quality, this partnership worked for all both the Company and TPS and also allowed TPS direct access into the UK market. Had this partnership not been established, the Company would not have been able to enter the marketplace in as timely a fashion and turnover would have lagged significantly behind levels enjoyed almost from the outset.

For the first 10 years of trade, the Company operated from leased offices in Peterlee and initially only traded steel tubes by taking specialist orders from customers and placing them with suppliers around the globe. Over this period, the Company began to accrue an amount of tube stock that a supplier initially held for them. However, by 2008, the directors decided to re-locate the Company to bigger premises and the Company moved to its present site on a leasehold basis. This allowed the stock to be held on site. A few years later, the adjoining unit became vacant and the Company took the opportunity to lease this second unit and expand into the specialist bending of tubes, expanding its workforce and customer base.

In 2012, the directors realised that the monthly lease payments were significantly more than a mortgage payment would be in respect of both units. At this time, the Company had healthy cash reserves. Discussions were held with the Bank and with funds introduced by the Company and the banks support, the Company took the opportunity to purchase the property from the landlord.

The Company continued to return a strong financial performance and built an un-paralleled reputation in the highly specialised marketplace, with regular customers based in all continents of the globe. This reputation was cemented as, not only was the manufacturing of a high quality and turnaround of work timely if required, the Company had also built up an expertise in logistical management and tight delivery schedules could also be managed for the client.

Strong financial performance was being enjoyed until 2014, when due to the collapse of the oil price, followed by the significant impact this had on the oil and gas / offshore sectors, the Company experienced a significant delay in a number of orders, cancellation of others and a lack of work from regular customers.

The Company also found that orders from the petrochemical industry, another historically strong sector, also dropped. This was because the price of feed stock into the petrochemical industry had fallen and the processing plants were running at full capacity 24 hours a day as profit levels were greater due to this reduced cost of feed stock. As such, the usual flow of maintenance and remedial work that the Company had previously enjoyed fell significantly as none of the producers wanted to have their plants off line, wanting to keep them working at full capacity in order to benefit from the profitability available at the time.

The directors were fully aware of these linked issues and took steps to seek to open up other areas of the marketplace and obtain work from stronger market sectors. However, the

entire tube supply industry was in a similar position and the marketplace was extremely crowded and competitive. The directors found that they were spending more and more time dealing with issues and not as much time promoting the business as they had previously been able. The Company operated between 2014 and 2016 at a loss, this being funded by the depleting of the cash reserves. In 2014, the directors made an approach to TPS to buy out their shareholding in order that they could seek alternative investment, however, this offer was refused.

The directors were in continual communication with TPS as the majority shareholders, however, by mid 2016, it became clear that cash flow was negative and reserves would soon be extinguished. As such, financial support was requested from TPS, however such support was not forthcoming. In addition, TPS was offered the opportunity to purchase the Company's premises, stock or machinery, which would have allowed for an introduction of liquid funds. The directors also offered TPS the opportunity to take 100% ownership, again in order to secure a cash investment. Security was offered for any investment. All these options were rejected by TPS.

Trade continued with the directors making concerted efforts to increase the number of customers and make additional enquiries within the trade to see if additional work could be identified and secured. Overheads were also managed in order to mitigate expenditure as far as possible. In addition, informal advice was taken from the Company's accountants and a meeting was held with Gordon Smythe Goldie in May 2016 in order that the directors could understand their statutory duties. Further requests for financial support were made of the shareholders but again, funds were not introduced.

Around this time, the Company experienced a delay in the recovery of a debtor significantly in excess of £100,000. An order had been placed, manufactured and goods were being shipped to Bangkok. However, the shipping line entered an insolvency process and the ship carrying the order was unable to dock due to unpaid mooring fees. The debt only fell due after unloading, which was out of the Company's control and this delay only further amplified the cash flow problems being encountered.

In addition, the directors had historically drawn a minimal salary and utilised dividends to make up their remuneration due to the favourable tax charges. TPS did not fully understand this as they enjoyed an annual dividend from profits and had to sign a waiver for the dividends in lieu of salary prior to agreeing the retained profits and actual shareholder dividends. In April 2016, this waiver was not forthcoming and as such, the directors had to convert all payments to salary with the resultant tax implications for the 2015 / 16 tax year. A significant tax liability was therefore accrued which had been avoided in previous years.

With knowledge that the Company's cash reserves were being depleted, the directors also found that they were falling in arrears with two major suppliers and also were unable to meet payments in respect of PAYE and VAT on the due dates. Advice was initially sought from the Company's accountants, Stokoe Rodger following which a meeting was held with Gordon Smythe Goldie and Andrew David Haslam of Tait Walker.

A summary of the Company's recent trading performance is shown below

	<b>DRAFT Financial Statements for the year ended 30 April 2016</b>	<b>Audited Financial Statements for the year ended 30 April 2015</b>	<b>Audited Financial Statements for the year ended 30 April 2014</b>	<b>Audited Financial Statements for the year ended 30 April 2013</b>
	£	£	£	£
Turnover	2,123,398	2,931,022	4,887,833	4,246,678
Cost of Sales	(1,630,662)	(2,248,221)	(3,990,985)	(3,363,106)
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Profit	492,736	682,801	896,848	883,572
Gross Profit %	23%	23%	23%	20%
Overheads	(535,817)	(704,789)	(757,869)	(695,459)
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Net Loss after tax	(44,931)	(79,637)	93,383	136,178
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It should be noted that the 'draft' financial statements have not been verified for accuracy and therefore may not reflect the Company's true trading position

#### **Events Leading to the Insolvency of the Company**

Upon meeting the directors, it was apparent that although the Company was solvent on a balance sheet basis, due to the chronic lack of forward orders, combined with the delay in the large debtor, the two main trade creditor balances were due and payable and the HMRC debt which was also due to be paid could not be met. As such, the Company was cash flow insolvent. In addition, based on the projected income and nominal orders being received, it was acknowledged that to continue to trade would be at the detriment of creditors as unless there was a significant upturn in orders, the cash position would be eroded further and the directors were aware that there was no guarantee that supplier orders placed would be paid for in full. As such, there was a risk that without the correct advice, the directors could potentially be exposed to criticism.

As there were funds available to allow trade to continue in the short term, discussions took place with the directors regarding their statutory duties. It was agreed that initially, potential purchasers of the business should be sought, which would allow the Company to continue to trade and creditors interests to be protected. In addition, the Company's financial position was to be fully disclosed to TPS and a further request for a cash injection made. If neither a purchaser could be identified, or a cash introduction secured, it was agreed that the Company would be fully marketed for sale, with a view to obtaining either a sale of the Company or the business as a going concern, which would allow the employees positions to be protected and creditors given the best return. If a sale could not be completed, the directors had little alternative other than to wind the Company down in a structured manner with creditors interests again paramount. Other processes such as a Company Voluntary Arrangement were considered and discounted as with only nominal forward orders, it was

not possible to draft any meaningful projections and the Company was unable to make any firm commitment to either monthly or annual payments into such an arrangement

With the Company on stop and under pressure from a significant trade creditor along with large arrears of both PAYE and VAT payments, it was deemed appropriate to file a Notice of Intention to Appoint an Administrator to afford the Company protection from expected creditor recovery action whilst a restructuring plan was undertaken

Both the directors and Tait Walker each identified a potential purchaser of the Company, which would have allowed the rescue of the Company and the employees positions, with all creditors being settled in full. However, after both these parties were approached and the potential opportunity explored and some due diligence undertaken, both interested parties advised that they would not be willing to purchase the Company in its present financial position, however, should the Company be available through a restructuring process, their interest may remain

Significant detailed discussions were held with TPS and the cash flow position fully documented. A conference call, chaired by the proposed Administrators was held with all stakeholders and their respective advisors and a cash investment was requested to allow the Company time to trade through its current difficulties, with security for any such funding offered. However, after receipt of additional information and another request for a cash injection, such an investment was refused

A marketing exercise was instigated on Monday 10 October 2016 by Tait Walker Corporate Finance, with a 'teaser' document sent to circa 200 potential interested parties and subsequently, the Information Memorandum sent to 6 interested parties. This resulted in an offer being received from an interested party for a share sale outside of an insolvency process. As this would have resulted in the protection of all stakeholders interests this opportunity was vigorously pursued. Significant time was invested by both the Directors and proposed Administrators in dealing with the parties who held an interest in the sale. However, despite this time investment, the process became protracted due to delays in obtaining documents from the overseas shareholders, caused primarily by their lack of understanding of English law and processes

Over a six week period, negotiations continued between the parties, this process being controlled by the proposed Administrator and the instructed Corporate Finance team. The opportunity was given the best possible chance of success and fully supported by the stakeholders. During this time, the directors continued a dialogue with Tait Walker with regard to ongoing trade in order that the directors fully complied with their statutory duties. In addition, the Company's bankers were kept fully informed of the ongoing sale process and were supportive of the process. During this time, the Company was subject to the protection of an interim moratorium, however, once the proposed sale was at an advanced level, the protection was allowed to lapse

During the time that the protection had lapsed, HMRC attended at the Company's premises seeking recovery of their debt and indicated that further recovery action was to be enforced without payment of the outstanding debt

Unfortunately, on Tuesday 6 December 2016 the negotiations between the Company and the proposed purchaser broke down. With the imminent expectation that creditor recovery action, including the removal of goods and equipment would be carried out, the directors



filed a final Notice of Intention to Appoint Administrators On 6 December 2016 and Andrew David Haslam and Gordon Smythe Goldie were appointed as Joint Administrators on 7 December 2016 and took over from the Board responsibility for the management of the affairs, business and property of the Company The appointment permitted the Joint Administrators to take any actions required either jointly or alone, and I have been the Administrator primarily involved in dealing with the Company's affairs

Prior to the commencement of the Administration Tait Walker acted as advisors to the Board as a whole acting on behalf of the Company No advice was given to the individual directors regarding the impact of the insolvency of the Company on their personal financial affairs Whilst not formally in office at that time, Tait Walker was still required to act in its dealings with the Company in accordance with the Insolvency Code of Ethics

As required by the Insolvency Code of Ethics, Gordon Smythe Goldie and I considered the various threats to our objectivity arising from this prior involvement We concluded that those threats were at an acceptable level such that we could still act objectively and hence could be appointed Administrators of the Company

#### **4. OBJECTIVES OF THE ADMINISTRATION AND THE ADMINISTRATORS' STRATEGY FOR ACHIEVING THEM**

As Administrator of the Company I am an officer of the Court, and I must perform my duties in the interests of the creditors as a whole in order to achieve the purpose of the Administration, which is to achieve one of the three objectives set out in the insolvency legislation, namely to -

- (a) rescue the Company as a going concern, or
- (b) achieve 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
- (c) realise property in order to make a distribution to one or more secured or preferential creditors

Objective (a) could not be achieved as negotiations with the purchaser found for the shares of the Company broke down and the nature of the Company's trading and its financial circumstances meant that a Company Voluntary Arrangement was not appropriate As a result, I am seeking to achieve objective (b) for the Company, and will do this by entering a short term trading exercise to maximise the work in progress and then undertake a controlled shut down of the business and sale of the Company's assets

The insolvency legislation has set a 12 month maximum duration for Administrations, unless the duration is extended by the Court or the creditors If I am unable to complete the Administration of the Company within 12 months then I will either apply to the Court, or hold a meeting of creditors, in order to seek approval to extending the duration of the Administration

## 5. ACTIONS OF THE ADMINISTRATORS FOLLOWING APPOINTMENT

I decided that the objective of the Administration was best achieved by the Company ceasing trade at close of business on 7 December 2016

Following my appointment as Administrator, I attended the Company's premises to devise a strategy in order to deal with the Company's assets. I immediately sought open insurance cover to protect the assets until the position could be confirmed.

The employees had already been paid to 9 December 2016 and as such, I decided it would be cost effective and necessary to retain the employees for two or three days in order to finalise the Company's management accounts, prepare the final VAT returns, provide financial information and backups, safeguard the assets and Company records, understand the work in progress and assist with commencing the debtor recovery exercise.

I instructed the agent, Lambert Smith Hampton ("LSH") to begin marketing the Company's freehold property for sale and to carry out a disposal of the Company's plant & machinery, furniture & Equipment and stock.

A number of competitors within the industry were contacted to generate interest in the plant & machinery and stock, for which a purchaser was secured.

With the assistance of the Directors, an initial review of the work in progress was conducted in order to identify orders which could be completed and would maximise recoveries. As the Company dealt in the logistics of supply, there were a number of contracts whereby stock had been ordered from a steel mill and was either in manufacture or completed and ready for shipment. In some cases, the orders were actually mid shipment. However, once the Company had entered the insolvency process, some shippers claimed liens over goods for unpaid transport costs. Mills withheld the release of finished goods until payment was made and others held the test certification for the product until payment was received.

As a number of the customers only paid upon receipt of the stock, it was possible to put some customers in touch with the steel mills direct to agree supply, but it was also possible to obtain a value in some contracts by introducing a logistics company to the various contracts and share the profits available. As such, the Directors approached Universal Supply Limited in Sheffield who have agreed to make some payments to mills and transport companies to release goods and will invoice the customers and make the required payments to the mills for stock. A split on profits has already been agreed in that 10% of profits will be payable to the Administrators with no risk associated, and Universal Supply Limited will retain 90% of the profits but need to make significant payments for the release of stock, transport costs and logistical support.

I liaised with various finance companies to obtain copies of the agreements and where necessary, arranged the return of the Company's motor vehicles and other financed equipment.

On 12 December 2016 and 13 December 2016, I terminated contracts of employment without notice.

In addition, I have undertaken routine statutory and compliance work, such as filing the notice of our appointment at Companies House and advertising in the London Gazette,

notifying all other parties of our appointment including the members, creditors and the Company. I have notified the Directors of their responsibilities following the commencement of Administration. I have issued a notice to the Directors for submission of the Statement of Affairs and since, granted an extension to the time limit in which the Statement of Affairs is to be submitted. I have opened both physical and electronic files, opened a case on our practice case management system, undertook the relevant money laundering, bribery and conflict checks, opened a bank account and obtained a specific penalty bond. I have terminated the employees contracts of employment and assisted them in making their claims to the Redundancy Payments Service, attended the Company's premises, boxed and removed the Company's records for storage. I have prepared and circulated the Joint Administrators' Statement of Proposals to all relevant parties as well as filing the same at Companies house.

These are tasks that are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, and whilst they do not produce any direct benefit for creditors, they still have to be carried out.

Since then, a sale of the Company's plant and machinery has been concluded to Profins Limited and a sale of the Company's stock was also agreed with Salem Tube International Limited. Further details of the two sales are provided below in section 6.

The debtor recovery exercise is progressing well with circa £98,299 collected since our appointment, albeit this balance will be offset against the property loan with Barclays Bank Commercial. Further details are provided below in section 6.

## **6. FINANCIAL POSITION OF THE COMPANY**

I have asked the Directors to prepare a summary of the Company's estimated financial position as at 7 December 2016, which is known as a Statement of Affairs, but they have not yet prepared it. The Administrators have granted an extension of 30 days and the Statement of Affairs is now due.

In the absence of a Statement of Affairs I have prepared an estimate of the financial position of the Company as at 7 December 2016 from the Company records, which is attached at Appendix 2, together with a list of names and addresses of all known creditors, and the amounts of their debts.

### **Comments on the Administrators' estimate of the financial position of the Company**

#### **6.1 ASSETS SUBJECT TO FIXED CHARGE**

##### **6.1.1 Freehold Land and Buildings**

The Company's freehold land and buildings consists of two separate units at Unit 1 & 2, Blackhall Colliery Ind Est, Hackworth Road, Blackhall Colliery, Hartlepool, TS27 4EL which are subject to a debenture in favour of Barclays Bank Commercial ("the Bank").

The properties are being marketed by Lambert Smith Hampton ("LSH") with an asking price of £375,000. To date an offer has been received and accepted, so as not to prejudice the sale, the offer has not yet been disclosed but will be disclosed in the next report to creditors providing that the sale contracts have been exchanged.

### **6.1.2 Barclays Bank Commercial**

The Bank has a debenture comprising a fixed and floating charge over the freehold properties. As at the date of commencement of the Administration, the indebtedness was estimated at £223,118.

It is understood that under the relevant clauses in the bank mandate, the Bank are able to extend their fixed charge over the credit balance in the Company's bank account of £131,740 and the credit balance in the designated debtor account of £98,299, offsetting against the property loan.

It is anticipated that the Bank will be fully repaid under their fixed charge.

### **6.1.3 Book Debts – subject to invoice finance agreement**

The majority of the Company's book debts are subject to an invoice finance agreement in favour of Barclays Sales Finance. Under the bank mandate, any balances recovered will be offset against the property loan.

As at the date of appointment, the debtor ledger was valued at £181,589. A number of debtors have been collected and as such the debtor ledger has reduced to £123,685.

At the date of appointment, the designated debtor account had a credit balance of £13,818 and as at 20 January 2017 this has increased to £86,953.

The Directors have agreed to assist with the collection of the debtors and a collection fee of 10% for their assistance has been agreed.

### **6.1.4 Barclays Sales Finance**

As the designated debtor account is in credit, there was no outstanding balance due to Barclays Sales Finance.

## **6.2 ASSETS SUBJECT TO FLOATING CHARGE**

### **6.2.1 Plant and machinery**

The majority of the Company's plant and machinery was free from finance with the forklift truck being the only item on finance. These assets were valued by LSH on an ex-situ (open market value) and in-situ basis (value to the business).

The plant and machinery has been sold to Profins Limited, an unconnected company for £44,500 from which the costs of settling the finance agreement in respect of the forklift truck will be deducted. The value of £16,331 from the sale proceeds is attributed to the forklift truck.

The finance Company, Aldermore, had a termination figure of £16,331 and although there was no profit in the sale, it was still considered beneficial to sell forklift truck to Profins Limited, as they had agreed to allow the Administrators to use the machine to conclude a sale of the stock.

## **6.2.2 Stock**

The stock was valued by LSH on an ex-situ (open market value) and in-situ basis (value to the business) and has been sold to Salam Tube International Limited, an unconnected company for £35,000

## **6.2.3 Book Debts – not subject to invoice finance agreement**

There is one book debt outstanding which is free from any invoice finance agreement. This book debt amounts to £2,845. A general provision of 25% is usually made for doubtful debts.

## **6.2.4 Cash at bank**

As at the date of appointment, the Company had cash at bank of £131,740 which will be held by the Bank under the terms of their security and offset against the property loan by Barclays Bank Commercial.

## **6.2.5 Office Equipment**

The Directors of the Company have expressed an interest in the office equipment however a formal offer has not yet been received. The office equipment was valued by LSH on an in situ and ex situ basis.

## **6.3 PREFERENTIAL CREDITORS**

### **6.3.1 Employees**

The only known preferential creditors are former employees of the Company for holiday pay. Their claims are subject to a maximum limit set by the insolvency legislation.

## **6.4 PRESCRIBED PART PROVISIONS**

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

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

The Company gave a debenture consisting of a fixed and floating charge to Barclays Bank plc on 6 February 2007 and a further fixed and floating charge was granted to Barclays Bank plc on 25 June 2011. The money due to Barclays Bank plc will be fully repaid from the fixed charge they hold over freehold property and book debts. As a result, I will not have to pay them any money under their floating charge, and the prescribed part provisions will not apply.

## **6.5 UNSECURED CREDITORS**

The Company's unsecured creditors are estimated at £383,266.04 taken from the information provided by the Company as at 7 December 2016. Claims of £331,618.29 have been received to date and 37 creditors have not yet claimed. In addition, HMRC have submitted a claim in the sum of £149,102 and employee claims are estimated in the sum of £124,777.

## **6.6 DIVIDEND PROSPECTS**

The forecasting of the estimated dividend is highly speculative until the Administration is complete and these estimates are provided without liability purely to assist creditors.

Any dividends are subject to the realisation of assets and quantification of liabilities which may differ from that disclosed in the estimated financial position and are provided prior to any costs associated with the Administration or subsequent insolvency procedures, if applicable.

### **Secured Creditors**

Based upon current information, the secured creditor in this case, will be repaid in full under their fixed charge.

### **Preferential Creditors**

Based upon current information, the preferential creditors, mainly employees in respect of holiday pay, will be paid in full.

### **Unsecured Creditors**

On the basis of current information, it is likely that realisations will be sufficient to pay the unsecured creditors a dividend of 43 pence in the pound. This will be paid during the Liquidation of the Company.

## **7. ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT**

I attach a summary of the receipts and payments relating to the Company for the period from when it entered Administration to the date of these proposals, at Appendix 3.

There have been no receipts or payments in the period covered by this report. However, some assets have been sold and we await the funds from our appointed Agents, LSH, these are detailed above under Section 5.

## **8. PROPOSED FUTURE ACTIONS OF THE ADMINISTRATORS TO ACHIEVE THE OBJECTIVE OF THE ADMINISTRATION**

In order to achieve the objective of the Administration of the Company I propose to collect payment from the agents in respect of the sale of the plant & machinery and stock, find a purchaser for the Company's furniture and equipment, finalise the debtor recovery exercise with the assistance of the Directors (where necessary) and to facilitate a sale of the

Company's freehold property. It may be that I will need to deal with any Capital Gains Tax arising from the property sale which may require some specialist tax advice. I anticipate that I will need to pay a dividend to the preferential creditors which would be done in the Administration. Once these matters are concluded and I have carried out my statutory investigations, I propose to move the Company into Creditors Voluntary Liquidation and declare a dividend to the unsecured creditors.

Further details on dividend prospects are provided above in section 6.

## **9. ADMINISTRATORS' REMUNERATION AND EXPENSES**

I attach at Appendix 4 a copy of my practice fee recovery policy. In this case I am seeking to fix the basis of my remuneration on more than one basis as detailed below.

### **Fixed fee basis:**

There are certain tasks that I have to carry out on nearly every Administration. Although they are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, they do not produce any direct benefit for creditors, but still have to be carried out. I have reviewed our past time records and after taking into account the complexity of the Administration, concluded that a fixed fee of £10,000 is necessary to cover that work. I am therefore seeking a fixed fee of £10,000 for the following work that I will undertake. I believe that this demonstrates why the fixed fee is expected to produce an appropriate, reasonable and commensurate reflection of the work that I anticipate will be necessarily and properly undertaken. Please note that the list includes generic tasks that may not be necessary every time, but arise in a typical case and are expected to be necessary in this case. If any one task is not required it would not make a material difference to the amount of work done for which approval of the fixed fee is being sought.

### **Administration:**

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case
- Setting up physical/electronic case files
- Setting up the case on the practice's electronic case management system and entering data
- Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment
- Obtaining a specific penalty bond
- Preparing, reviewing and issuing proposals to the creditors and members
- Filing the proposals at Companies House
- Convening and holding a meeting of creditors to consider the proposals
- Reporting on the outcome of the meeting of creditors to the creditors, Companies House and the Court
- Dealing with all routine correspondence and emails relating to the case
- Opening, maintaining and managing the office holder's estate bank account
- Creating, maintaining and managing the office holder's cashbook
- Undertaking regular bank reconciliations of the bank account containing estate funds
- Reviewing the adequacy of the specific penalty bond on a quarterly basis
- Undertaking periodic reviews of the progress of the case

- Overseeing and controlling the work done on the case by case administrators
- Preparing, reviewing and issuing 6 month progress reports to creditors and members
- Filing progress reports at Companies House
- Preparing and filing VAT returns
- Preparing and filing Corporation Tax returns
- Seeking closure clearance from HMRC and other relevant parties
- Preparing, reviewing and issuing final reports to creditors and members
- Filing final reports at Companies House

***Creditors (General):***

- Obtaining information from the case records about employee claims
- Completing documentation for submission to the Redundancy Payments Office
- Corresponding with employees regarding their claims
- Liaising with the Redundancy Payments Office regarding employee claims
- Dealing with creditor correspondence, emails and telephone conversations regarding their claims
- Maintaining up to date creditor information on the case management system

**Percentage basis:**

There are certain tasks that I only have to carry out where there are assets to recover. They may produce a direct benefit for creditors, but are subject to the costs of the proceedings generally. I undertake the work to recover the assets, initially at my own cost, suffering the loss if any asset is not recoverable. If assets are recovered, I first recover my costs and then distribute any balance. I am seeking a percentage basis that I think reflects the risk that I am taking, the nature of the assets involved, the complexity of the Administration, and shares the anticipated benefit with the creditors. I am therefore seeking a fee of 20 percent of realisations for the following work on realisation of assets that I will undertake and a fee of 10 percent of any distributions, to reflect the additional work on creditor claims shown below. I believe that this demonstrates why the percentage proposed is expected to produce an appropriate, reasonable and commensurate reflection of the work that I anticipate will be necessarily and properly undertaken. Please note that the list includes generic tasks that may not be necessary every time, but arise in a typical case and are expected to be necessary in this case. If any one task is not required it would not make a material difference to amount of work done for which approval of the percentage is sought.

***Realisation of assets:***

- Arranging suitable insurance over assets
- Regularly monitoring the suitability and appropriateness of the insurance cover in place
- Corresponding with debtors and attempting to collect outstanding book debts
- Dealing with enquiries and issues regarding work in progress and understanding the stage the various contracts have reached
- Negotiating a sale of the work in progress
- Liaising with the bank regarding the closure of the account
- Reporting to the bank and obtaining advice regarding the right of the bank to claim credit balances against the property loan
- Instructing agents to value known assets



- Liaising with agents to realise known assets
- Attending on site to view assets and the property with both agents and prospective purchasers
- Dealing with prospective purchasers enquiries
- Instructing solicitors to assist in the realisation of assets
- Obtaining details from mortgagees about debts secured over the Company's freehold property.
- Review of title and discussing splitting of title to enhance recoveries
- Instructing solicitors to assist in the realisation of the freehold property
- Liaising with and reporting to the secured creditors over the realisation of the assets subject to a mortgagee or other charge

***Creditors (Distributions) - to be carried out in the Administration and the subsequent Liquidation:***

- Issuing a notice of intended dividend and placing an appropriate gazette notice
- Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend
- Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims
- Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend
- Paying tax deducted from the dividends paid to employees

**Time costs:**

Some work cannot be identified with enough certainty for me to seek remuneration on a fixed or percentage basis. For these tasks, I propose to seek approval on a time cost basis i.e. by reference to time properly spent by me and members of staff of the practice at our standard charge out rates. When I seek approval for my fees on a time cost basis I have to provide a fees estimate. That estimate acts as a cap on my time costs so that I cannot draw fees of more than the total estimated time costs without further approval from those who approved the fees. I attach a "Fees estimate summary" at Appendix 7 that sets out the work that I intend to undertake, the hourly rates I intend to charge for each part of the work, and the time that I think each part of the work will take. It includes a summary of that information in an average or "blended" rate for all of the work being carried out within the estimate.

As indicated in the fees estimate the following areas of work will be charged on a time cost basis: investigations, the Liquidation of the Company, scheduling and recovering the books and records and other case specific matters. More details of the tasks included in these categories are included in the fees estimate. I estimate that the total time costs that I will incur in undertaking these tasks in this case will be £20,000.

I anticipate needing to seek approval to exceed the estimate if this work leads to further areas of investigation, potential further asset recoveries and any associated action, such as arbitration or legal proceedings.

To date a total of 19 65 hours have been spent working on the above tasks in the Administration for which we are seeking to be remunerated on a time cost basis, and total time costs to date are £4,013 50 charged at an average charge out rate of £204 25. The time spent to date is mainly attributed to locating, packing, removing and storing the Company's books and records.

To date a total of 203 50 hours have been spent working on all tasks in the Administration, and total time costs to date are £43,279 00 charged at an average charge out rate of £212 67.

Details of the time units used and current charge-out rates are provided in our practice fee recovery sheet, a copy of which is enclosed at Appendix 4. (I attach, in respect of the areas of work where I am seeking to charge fees on a time cost basis, an analysis of time costs incurred to date by reference to grade of staff and work done at Appendix 6.)

I also propose I am permitted to charge and recover what are known as category 2 expenses (approval required). Information about category 2 expenses is set out in our practice fee recovery policy at Appendix 4.

The following category 2 disbursements have been incurred since my appointment as Administrator:

Type of category 2 disbursement	Amount incurred/accrued to date	Amount still to be paid
Mileage	£54 27	£54 27

**Mileage (Category 2 Disbursement)**

Mileage costs have been incurred in respect of travelling to and from the Company's premises and the courts. These costs are classified as Category 2 disbursements whereby approval from creditors is required. A cost of £54 27 has been incurred in the period following the appointment of Administrators.

The approval of the basis of my remuneration as Administrator and category 2 expenses forms part of the proposals for which I am seeking approval as summarised at section 14 below, but if a creditors' committee is appointed then I will seek approval from that committee instead.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>

Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at <http://www.taitwalker.co.uk/sip-9-fee-guidance/>. There are different versions of these Guidance Notes, and in this case please refer to the October 2015 version. Please note that we have also provided further details in the practice fee recovery sheet.

I have incurred total Category 1 expenses of £4,888 75 since my appointment as Administrator as follows. I have not been able to draw any expenses in this matter.

<b>Type of expense</b>	<b>Amount incurred/ accrued since appointment</b>
Legal Costs and Disbursements	-
Agents Fees and Disbursements (Chattel Asset Disposal)	-
Agents Fees (Commercial Property)	-
Agents Disbursements (Commercial Property)	£652 67
Accountants Fee	£1,500 00
Statutory Advertising	£77 00
Specific Penalty Bond	£560 00
Insurance of Property and Assets (Estimated)	Circa £300-£500
Parking	£3 40
Telephone	£182 58
David Wigham (Diesel)	£10 01
Employee Costs (Estimated)	£1,403 09
<b>TOTAL:</b>	<b>£4,888.75</b>

#### **Legal Costs and Disbursements**

Eversheds is engaged to act on behalf of the Company, in respect of the sale of the commercial property Eversheds have agreed to act on a time cost basis

#### **Agents Fees (Chattel Asset Disposal)**

LSH is engaged by the Administrators to carry out a sale of the Company's plant & machinery, stock and furniture & Equipment To date, LSH has collated and reviewed offers, provided advice on acceptable offers and facilitated a sale of the plant and machinery and stock

LSH has also assisted with clearing the property, managing the site access as well as dealing with the return of third party assets and retention of title goods

LSH were engaged to act on a percentage of disposals basis of 10%

#### **Agents Fees and Disbursements (Commercial Property)**

LSH is engaged by the Administrators to carry out a sale of the Company's freehold properties To date, LSH has marketed the property for sale, prepared advertising artwork and adverts as well as in house sales particulars, collated and reviewed offers, provided advice on acceptable offers and managed the sale process to date

A fee of 2% of the sale price has been agreed

Disbursements of £652 67 have been incurred in respect of the adverts, advertising artwork, promaps and in house particulars

#### **Accountant's Fee**

Stokoe Rodger is the Company's former accountants, after the commencement of Administration, the accountants were asked to finalise the Company's payroll, generate P45's and bring the Payroll to an end Upon request of the Administrators, the accountants provided various documents and information A fixed fee of £1,500 was agreed for this work

**Statutory Advertising**

Statutory advertising costs of £77 have been incurred since my appointment for the advertisement of my appointment in the London Gazette

**Insolvency Practitioners' Bond**

As *Insolvency Practitioners'* we are required by law to obtain a bond for the value of funds available for unsecured creditors (essentially an insurance policy to protect the assets)

The bond premium of £560 has been incurred and paid

**Insurance of Property and Assets**

Insurance costs have been incurred in respect of insuring the Company's assets and freehold property. Open cover was provided by Marsh Limited upon the appointment of Administrators but the insurance has since been reviewed accordingly. The insurance costs to date are unknown but are estimated to be in the region of £300-£500

**Parking/Toll Charges**

Parking costs of £3 40 have been incurred in respect of Parking at the courts and travelling through the Tyne Tunnel since the appointment of Administrators

**Telephone Lines**

The telephone lines have been retained in order to retain connection to the alarm system and to allow the Directors to assist with the book debt collection exercise. The Administrators anticipate that the telephone lines will need to be retained for a further two months. To date, a cost of £182 58 has been incurred but has not been paid

**David Wigham (Diesel)**

A cost of £10 01 was incurred in order to move the fork lift out of the building. This was paid by the Director initially but has not yet been recharged to the case

**Employee Costs**

As detailed above, the employees were retained for 1-2 days in order to allow the Company's financial information/management accounts to be finalised to the date of commencement of Administration and in order to finalise any work in progress. An amount of £1,403 has been incurred but has not yet been paid

**PROFESSIONAL ADVISORS**

I have used the following agents or professional advisors since my appointment as Administrator.

Professional Advisor	Nature of Work	Basis of Fees
Stokoe Rodger	Company's Accountant	Fixed Fee of £1,500
Lambert Smith Hampton	Valuer/Auctioneer (Chattel Assets)	10% of disposals
Lambert Smith Hampton	Commercial Property Agent	2% of sale price
Eversheds	Solicitors	Time Costs

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

**Stokoe Rodger**

As detailed above, the accountants were engaged to finalise the Company's payroll, generate P45's, bring the Payroll to an end and provide various documents and information

**Lambert Smith Hampton ("LSH")**

LSH was initially engaged by the Company in the pre appointment period to carry out a valuation, take inventory and provide initial advice to the proposed Administrators

LSH has since been engaged by the Administrators to market the sale of the Company's freehold property and other chattel assets, collate and review offers, provide advice on acceptable offers and facilitate a the sales

LSH has also assisted with clearing the property, managing the site and access as well as dealing with the return of third party assets and retention of title goods

The Administrators have agreed a 10% of disposals of the chattel assets and 2% of the sale price of the commercial property with LSH

**Eversheds**

Eversheds is engaged to act, on behalf of the Company, in respect of the sale of the freehold commercial property

**ESTIMATED EXPENSES**

In addition to the expenses already incurred (as detailed above), I anticipate that the following expenses totalling £28,134 will arise in these proceedings

Type of expense	Amount incurred/ accrued since appointment
Legal Costs and Disbursements	£5,000
Agents Fees and Disbursements (Chattel Asset Disposal)	£8,000
Agents Fees (Commercial Property)	£7,500
Agents Disbursements (Commercial Property)	£500
Debtor Recovery Fees	£6,200
Statutory Advertising	£154 00
Specific Penalty Bond	£nil
Insurance Premiums	Circa £500
Telephone	£130 00
Mileage (Category 2 Disbursement)	£150 00
<b>TOTAL:</b>	<b>£28,134</b>

**Legal Costs and Disbursements**

Legal costs will be incurred in respect of the sale of the property, validating our appointment and checking the validity of the charges

**Agents Fees and Disbursements (Chattel Assets)**

Agents costs will be incurred in respect of the sale of the Company's chattel assets This assumption is based on the value of the current sales to date and the expected future sales

**Agents Fees and Disbursements (Commercial Property)**

Agents costs will be incurred in respect of the sale of the Company's freehold commercial property. This assumption is based on the Administrators receiving the full asking price. Disbursements are estimated in respect of obtaining searches.

**Debtor Recovery Fees**

The Directors are assisting with the debtor recovery exercise and a fee of 10% of collections has been agreed. This assumption is based on the directors assisting with collection of the debtor ledger which is currently £123,685 with 50% recovery.

**Statutory Advertising**

This estimate is in respect of advertising the meeting of creditors and the notice to submit claims in the London Gazette.

**Specific Penalty Bond**

It is not anticipated that we will need to increase the specific case bond.

**Insurance Premiums**

Further insurance costs may be required depending on how long it takes to complete the sale of the freehold properties.

**Telephone Costs**

Further telephone costs will be incurred in order to allow the Directors to assist with the debtor recovery exercise and to ensure the continued supply to the alarm system.

**Mileage (Category 2 disbursement)**

There may be further mileage costs incurred when travelling to and from the Company's premises.

Category 1 expenses do not have to be approved, but when reporting to the committee and creditors during the course of the Administration the actual expenses incurred will be compared with the original estimate provided and I will explain any material differences (e.g. where legal costs rise due to escalated recovery action).

**10. PRE-APPOINTMENT FEES AND EXPENSES**

The Board of the Company initially instructed me to give them informal insolvency advice, liaise with the bank and find a solvent purchaser. They agreed that I should be paid my fees and expenses on a time cost basis estimated at £10,000. These fees were paid by the Company direct.

Thereafter, I was engaged to provide additional advice to the directors regarding an accelerated acquisition process which included the identification of a potential share purchaser. Significant work was carried out in respect of liaising with the proposed purchaser, the German shareholders, the directors and the bank in order to complete the share sale.

As detailed earlier in the report, the share sale later fell away despite considerable work being carried out and I was subsequently engaged to provide further insolvency advice to assist the Directors in placing the Company in to Administration and to file a notice of

*intention to appoint an Administrator It was agreed that I should be paid my pre-appointment fees and expenses on a time cost basis as previously agreed which equated to £24,213 50 of which £10,000 was paid by the Company direct*

*I attach at Appendix 5 a detailed time cost table showing the pre-appointment time costs incurred by category and staff grade at my firm*

*A balance of £14,213 50 remains outstanding in respect of my pre appointment fees and £374 45 in respect of my pre appointment expenses which are detailed below*

**Tait Walker Corporate Finance – Fees & Expenses**

*The Board of the Company engaged Tait Walker Corporate Finance ("TWCF") to carry out a marketing exercise in order to identify a purchaser for the Company as a whole or instead for its business and assets TWCF is an associated division within Tait Walker LLP and is classified as a Category 2 disbursement whereby approval is required*

*TWCF produced a "teaser" email outlining the opportunity to potential purchasers, identified and agreed a list of potential purchasers, prepared and circulated an Information Memorandum, obtained signed confidentiality agreements from potential purchasers prior to release of the Information Memorandum and provided support and project management throughout the sale process The fees of TWCF for the work undertaken of £15,000 was agreed but have not yet been paid*

*Certain expenses have been incurred by TWCF, this relates to mileage of £49 50 in respect of travelling to and from the Company's premises in order to gather information*

*These fees and expenses remain outstanding and approval is being sought to pay them from the Administration funds*

*In addition to my own time costs, the following expenses were incurred and remain outstanding*

**Lambert Smith Hampton**

*LSH were initially engaged to provide take inventory and provide a valuation of the Company's freehold property, fixtures & fittings, plant & machinery and stock LSH were engaged on a time cost basis and a fee of £2,000 has been received*

**Parking**

*Parking costs of £7 have been incurred in respect of Parking at the courts in the pre appointment period*

**Court Costs**

*Court costs of £250 have been incurred in respect of filing the relevant notices of intention to appoint an Administrator*

**Mileage**

*Mileage costs of £117 45 have been incurred in respect of travelling to and from the Company's premises and the courts in the pre appointment period These costs are classified as Category 2 disbursements whereby approval from creditors is required*

The following statement sets out my pre-appointment fees and expenses incurred. The statement also shows those fees and expenses that were paid prior to the Administration and those where approval is being sought to pay them from Administration funds.

Type of expense	Paid Pre-appointment	To be paid	Total Incurred
Insolvency Practitioners' Pre appointment Fees	£20,000 00	£14,213 50	£34,213 50
Insolvency Practitioners' Pre appointment Expenses	£nil	£374 45	£374 45
Tait Walker Corporate Finance Pre appointment Fees	£nil	£15,000 00	£15,000 00
Tait Walker Corporate Finance Pre appointment Expenses	£nil	£49 50	£49 50
Agents (Valuation) Fees	£nil	£2,000 00	£2,000 00
Parking	£nil	£7 00	£7 00
Court Fees	£nil	£250 00	£250 00
Mileage (Category 2 Disbursement)	£nil	£117 45	£117 45

The pre-appointment fees and expenses that have already been paid were paid prior to the Administration by the Company.

If a committee is appointed, then I will initially seek approval from the committee for payment of the pre-appointment fees and expenses that have not yet been paid. If the committee does not approve those fees, or it approves the fees at a level that I feel is insufficient, I may seek approval from a further meeting of creditors or, failing that, from the Court.

If a committee is not appointed, then since the pre-appointment fees and expenses that have not yet been paid cannot be approved within these proposals, I will be seeking a separate resolution to approve them.

These expenses were incurred in order to explore the market and ensure that creditors were given the opportunity to enjoy the maximum possible prospects of recovery. During the pre-appointment period, significant debtor recoveries were made and contracts completed which will ultimately benefit creditors.

## 11. ADMINISTRATORS' INVESTIGATIONS

I have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the Administration. I am also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf. I should be pleased to receive from you any information you have that you consider will assist me in this duty. I would stress that this request for information forms part of my normal investigation procedure.



## **12. EC REGULATION ON INSOLVENCY PROCEEDINGS**

I consider that the EC regulation on insolvency proceedings apply to the Administration of the Company. I also consider that they are "main" proceedings since the Company's registered office and its trading address is Unit 2, Blackhall Colliery Industrial Estate, Hackworth Road, Blackhall Colliery, Hartlepool, TS27 4EL in the United Kingdom.

## **13. EXIT OF THE ADMINISTRATION**

There are a number of options available to us to exit the Administration.

We have concluded that once the outstanding matters of the Administration have been finalised, that Creditors' Voluntary Liquidation will be the most appropriate method to exit the Administration in order that a distribution to the Unsecured Creditors can be declared.

We have however, retained the option to allow us to move the Company into Dissolution. This is to allow us flexibility within the exit route in the event matters relating to the Administration would be better served by utilising this process, should this prove appropriate at the time.

## **14. ADMINISTRATORS' PROPOSALS**

In order to achieve the objective set out at section 3 above, Gordon Smythe Goldie and I formally propose to creditors that

- (a) We continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that we
  - (i) collect in the Company's outstanding debtors,
  - (ii) facilitate a sale of the Company's freehold property,
  - (iii) complete any work in progress in order to enhance recoveries,
  - (iv) collect any pre-payments in respect of rates, utilities and insurances,
  - (v) sell the Company's assets at such time(s) on such terms as we consider appropriate,
  - (vi) investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company, and
  - (vii) do all such things and generally exercise all their powers as Administrators as we consider desirable or expedient at our discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals.

- (b) the Administration will end by placing the Company into Creditors' Voluntary Liquidation, and propose that I, Andrew David Haslam, and Gordon Smythe Goldie are appointed Joint Liquidators of the Company and that we be authorised to act either jointly or separately in undertaking our duties as Liquidator

Creditors may nominate different persons as the proposed Liquidators, but you must make the nominations at any time after you receive these proposals, but before they are approved. Information about the approval of the proposals is set out at section 15

- (c) should the preferred exit route of Creditors' Voluntary Liquidation detailed above not be deemed appropriate, the Administrators be granted the option to exit the Administration of the Company by filing a notice of dissolution with the Registrar of companies. The Company would then automatically be dissolved by the registrar of companies three months after the notice is registered
- (d) We are authorised to be remunerated on a different basis depending upon the work being undertaken, as detailed at section 9 above. We will charge a fixed fee of £10,000, charge 20 percent of assets realised and 10 percent of monies distributed to preferential and unsecured creditors, together time costs for undertaking the tasks not being remunerated on the above basis. We estimate that our time costs for undertaking these tasks and undertaking the liquidation of the will be £20,000. Details of the current charge out rates for our staff are outlined in our practice fee recover policy is attached at Appendix 4, and a fees estimate summary providing more information is attached at Appendix 7.
- (e) We are authorised to draw category 2 expenses as outlined in our practice fee recovery policy attached at Appendix 4

## **15. APPROVAL OF PROPOSALS**

A meeting of creditors by correspondence will be held to consider and vote on the formal proposals to achieve the objective of the Administration of the Company. A formal notice of conduct of business by correspondence (Form 2 25B) and a proof of debt form are enclosed. You can only vote at the meeting by correspondence if you complete and return the proof of debt form and Form 2 25B, having completed the voting section of the form. I must receive your completed forms by no later than noon on 13 February 2017. You are not required to vote at the meeting by correspondence, and if you do not do so then this will not affect your rights against the Company. Creditors whose claims are wholly secured are not entitled to vote at the meeting by correspondence.

The meeting of creditors by correspondence gives creditors the opportunity to appoint a creditors' committee. A committee is made up of between three and five representatives of creditors who will then meet me on a regular basis to discuss the Administration of the Company. If a committee is appointed then it will be for them to approve pre-appointment costs and expenses and the basis of our remuneration as well as our category 2 expenses and the fees paid to Tait Walker Corporate Finance in respect of the work done in the

Administration of the Company. If a committee is not appointed then the separate resolution in the Form 2 25B to approve pre-appointment costs and expenses will be taken. The approval of our remuneration as well as our category 2 expenses and the fees paid to Tait Walker Corporate Finance will be considered as part of these proposals, such that a resolution approving the proposals will approve those fees.

Whilst a meeting by correspondence is being held, creditors whose debts amount to at least 10% of the total debts of the Company can require that an actual meeting of creditors is convened. Such a request must be made to me on Form 2 21B within 5 business days of the date of these proposals.

The resolutions are listed on the attached Form 2 25B and will be presented to creditors in the following order:

- 1 The approval of the Administrators' proposals,
- 2 Whether the creditors consider it appropriate to form a Creditors Committee,
- 3 The approval of the pre appointment remuneration and expenses,
- 4 The approval to pay the pre appointment fees and expenses of Tait Walker Corporate Finance,
- 5 We are authorised to be remunerated on a different basis depending upon the work being undertaken, as detailed at section 9 above. We will charge a fixed fee of £10,000 for Administration & Planning and Creditors, charge 10 percent of assets realised and 10 percent of monies distributed to preferential and unsecured creditors, together time costs for undertaking the tasks not being remunerated on the above basis such as investigations, the liquidation of the Company and case specific matters. We estimate that our time costs for undertaking these tasks and undertaking the liquidation of the will be £20,000.
- 6 We be authorised to draw category 2 expenses as outlined in Section 9 of these proposals, as appropriate.
- 7 The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Schedule B1 of the Act in respect of any action of theirs as Administrator when they cease to be Joint Administrators at a time fixed by the secured and/or preferential creditors or 7 days after the filing of the their final progress report with the Registrar of Companies, or as approved by the Court.

## **16. FURTHER INFORMATION**

To comply with the Provision of Services Regulations, some general information about Tait Walker, including about our complaints policy and Professional Indemnity Insurance, can be found at <http://www.taitwalker.co.uk/provision-services-regulations/>

If creditors have any queries regarding these proposals or the conduct of the Administration in general, or if they want hard copies of any of the documents made available on-line, they should contact Tonya Allison on the above telephone number, or by email at [tonya.allison@taitwalker.co.uk](mailto:tonya.allison@taitwalker.co.uk)

**Andrew David Haslam**  
**Joint Administrator**

The Joint Administrators are agents of the Company and act without personal liability

## **APPENDIX 1**

### **Statutory information and Details of the Administrators' appointment**

#### **Company Information**

Company name	Tube Supply International Limited
Previous name	N/A
Trading name	N/A
Company number	03553699
Date of incorporation	27 April 1998
Trading address	Unit 2, Blackhall Industrial Estate, Hackworth Road, Blackhall, Durham, TS27 4EL
Current registered office	c/o Tait Walker LLP, Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS
Former registered office	Unit 2, Blackhall Industrial Estate, Hackworth Road, Blackhall, Durham, TS27 4EL
Principal trading activity.	Specialist tube supply

#### **Appointment Details**

Administrators	Gordon Smythe Goldie and Andrew David Haslam
Administrators' address	Tait Walker LLP, Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS
Date of appointment	7 December 2016
Court name and reference	High Court of Justice Chancery Division, Newcastle upon Tyne District Registry  0446 of 2016
Appointment made by	The directors
Actions of Administrators	Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone

#### **Officers of the Company**

Directors	Name	Shareholding
	Paul Wigham	24.5%
	David Wigham	24.5%
Company secretary	Paul Wigham	

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## **Share capital**

### **Authorised**

70,000 ordinary shares of £1 each

### **Allotted, called up and fully paid**

70,000 ordinary shares of £1 each

### **Shareholders**

David Wigham

17,150 ordinary shares

Paul Wigham

17,150 ordinary shares

SRD Steel and Pipe SA

34,986 ordinary shares

Irene Roth

714 ordinary shares

### **Charges**

Barclays Bank plc – Debenture – fixed and floating charges over the undertaking and all property and assets present and future including goodwill book debts uncalled capital buildings fixtures fixed plant and machinery – Created 30 January 2007 and registered 6 February 2007

Barclays Bank plc – Fixed and Floating Charge over the undertaking and property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery – Created 20 June 2011 and registered 25 June 2011

Barclays Bank plc – Legal Charge over freehold property at units 1A, 1B, 2A and 2B Blackhall Industrial Estate, Hackworth Road, Blackhall, County Durham t/no du309600 and du266374 – Created 29 February 2012 and registered 2 March 2012

**Tube Supply International Limited**

**Estimated Outcome Statement 26 January 2017**

	Note	Received / paid to date £	Future receipts / payments £	Expected final position £
<b>Charged Assets</b>				
Commercial Property	1	-	360,000	375,000
Debtors	2	98,299	66,273	164,572
Cash at bank	3	131,740	-	131,740
Less Barclays Bank Commercial Mortgage	4	<u>nil</u>	<u>(223,118)</u>	<u>(223,118)</u>
		230,039	203,155	448,194
<b>Floating Charge Assets</b>				
Plant & Machinery	5	44,500	-	44,500
Less Finance		(16,331)	-	(16,331)
Office Equipment	6	-	1,000	1,000
Stock	7	35,000	-	35,000
Surplus from charged assets b/d		<u>230,039</u>	<u>203,155</u>	<u>448,194</u>
<b>Total surplus available</b>		<b><u>293,208</u></b>	<b><u>204,155</u></b>	<b><u>512,363</u></b>
<b>Less</b>				
Pre appointment fees		-	(14,213)	(14,213)
Pre appointment expenses		-	(798)	(798)
Administrators fees		-	(131,021)	(131,021)
Administrators expenses		-	(519)	(519)
Legal fees		-	(5,000)	(5,000)
Agents valuation fees		-	(2,000)	(2,000)
Agents fees - chattel assets		-	(8,000)	(8,000)
Agents fees - property		-	(7,500)	(7,500)
Agents disbursements		-	(1,152)	(1,152)
Accountancy fees		-	(1,500)	(1,500)
Corporate finance fees		-	(15,000)	(15,000)
Debt collection fees		-	(6,200)	(6,200)
Wages and expenses		-	(1,152)	(1,152)
Insurance		-	(1,000)	(1,000)
Bond		-	(560)	(560)
Advertisements		-	(231)	(231)
<b>Available for preferential creditors</b>		<b><u>293,208</u></b>	<b><u>8,309</u></b>	<b><u>316,517</u></b>
<b>Preferential Creditors</b>				
Redundancy Payments Service		-	(32,442)	(32,442)
<b>Available for unsecured creditors</b>		<b><u>293,208</u></b>	<b><u>(24,133)</u></b>	<b><u>284,075</u></b>
<b>Unsecured creditors</b>				
Trade and expense		-	(383,266)	(383,266)
HMRC for VAT / PAYE		-	(149,102)	(149,102)
Redundancy Payments Service / Employees		-	(124,777)	(124,777)
<b>Deficiency to unsecured creditors</b>		<b><u>293,208</u></b>	<b><u>(681,278)</u></b>	<b><u>(373,070)</u></b>

Estimated dividend distribution

43p in £

## Notes

- 1 The property has been marketed by Lambert Smith Hampton. It has been placed on the market by agents and is subject to an offer that has been deemed acceptable and heads of terms issued. It has been included in the outcome statement at the asking price in order that ongoing negotiations are not prejudice.
- 2 The debtors are as detailed in the books and records of the Company. The disapproved debts have been provided for in full and a 25% doubtful debt provision has been applied to the balance. It is expected that the Bank will offset the debtor receipts against the property loan under the terms of the mandate.
- 3 The cash at bank represents the current cash held on both the sterling and euro accounts. It is expected that the bank will utilise the clauses within its mandate to offset the cash balance against the property loan.
- 4 The Bank had an outstanding property loan in respect of the purchase of the property. The Bank have the benefit of a debenture over the assets of the Company and a fixed charge against the commercial property. In addition, the Bank have the benefit of a mandate giving them the ability to offset all connected accounts.
- 5 The plant and machinery was marketed by Lambert Smith Hampton and an offer received and accepted from an unconnected competitor in the trade fluctuations.
- 6 The office equipment has been valued by Lambert Smith Hampton and is being marketed for sale. Several notices of interest have been established including one from the directors.
- 7 The stock was marketed by Lambert Smith Hampton and an offer received and accepted from an unconnected third party.



**Tait Walker**  
**Tube Supply International Limited**  
**B - Company Creditors**

Key	Name	Address	£
CA00	AAA Stationary NE	13 Goshawk Road, Hartlepool, Cleveland, TS26 0RA	82 68
CB05	Barclaycard Commercial	PO Box 4000, Wigston, LE18 9EN	0 00
CB06	Barclays Bank Plc	1 Churchill Place, London, E14 5HP	0 00
CB01	Barthel Kesselrohre Boulertubes GMBH	Postfach 100116, 41401 Neuss, GERMANY	700 72
CB02	Bel Lift Trucks	Bel House, Fisher Street, Newcastle upon Tyne, NE6 4LT	355 89
CB03	Bluefin Group	Witan Court, 287-297 Upper Fourth Street, Milton Keynes, Buckinghamshire, MK9 1EH	3,757 29
CB04	Bohler-Uddeholm (UK) Ltd	European Business Park, Taylors Lane, Oldbury, West Midlands, B69 2BN	3,787 03
CB00	BT Plc	Department W, Durham Trading Estate, Providence Roaw, Durham, DH1 1RR	0 00
CC00	Casighini Heatex srl	Via Attraglio, 5-25036, Palazzolo, ITALY	19,844 69
CL01	Coface UK Services Limited	Egale 1, 80 St Albans Road, Watford, Hertfordshire, WD17 1RP	10,272 48
CC01	Computer First	Unit 21, Novus Building, Peterlee, County Durham, SR8 2QJ	210 00
CD01	DHL International (UK) Ltd	Hillblom house, 1 Dukes Green Avenue, Faggs Road, Feltham, Middlesex, TW14 0LR	321 64
CD00	Durham City Council	Revenues & Benefits, P O Box 238, Stanley, County Durham, DH8 1FP	4,101 00
CE02	Emil Muller GmbH Metallwerk	D51580, Reichshof-Hespert, Ander Autobahn 1, GERMANY	1,545 58
CE00	Euler Hermes	Boatmans House, 2 Selsdon Way, London, E14 9HQ	3,821 28
CE01	Europa Worldwide Logistics Ltd	Europa House, 68 Hailey Road, Erith, Kent, DA18 4AU	620 40
CG00	Greenville Tube Company	P O Box 30, Greenville, PA 16125-0030, U S A	16,907 75
CH02	H L Boulton & Sons	Dove House, Rickerscote, Stafford, AT17 4HF	96 00
CH00	H M Revenue & Customs	Enforcement & Insolvency Service, Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	0 00
CH01	Helios Precision Engineering Ltd	Unit 11, Hartlepool Enterprise Centre, Brougham Terrace, Hartlepool, TS24 8EY	864 00
CW00	Ian Wigham	4 Hickstead Rise, Woodham, Newton Aycliffe, DL5 4TP	660 30
CI00	Ital Logistics	Unit 1, Birch Business Park, Whittle Lane, Heywood, Lancashire, OL10 2SX	1,105 17
CJ00	Johnson Partners Ltd	Dinsdale House, Riverside Park Road, Middlesbrough, TS1 1VT	8,661 60
CL00	LV Shipping and Transport	LV House, Walton Avenue, Felixstowe, Suffolk, IP11 3AL	1,010 01
CM00	Marine Engineering Pipeworks Ltd	Leechmere Industrial Estate, Grangetown, Sunderland, Tyne & Wear, SR2 9TE	0 00
CM01	Mendener Prazisionsrohr GmbH	Balver Str 86, Menden, D58706, GERMANY	65,000 14
CM02	Mussari Srl	Via del Lavoro, 5, 22100 COMO, Camerlata, ITALY	19,292 85
CN00	NCS Ltd	5th Avenue Plaza, East Wing, Team Valley Trading Estate, Gateshead, NE11 0BL	389 53
CN02	Network	LeasePlan UK Ltd, 165 Bath Road, Slough, Berkshire, SL1 4AA	0 00

Signature

**Tait Walker**  
**Tube Supply International Limited**  
**B - Company Creditors**

Key	Name	Address	£
CN01	Northumbrian Water	Customer Centre, P O Box 300, Durham, DH1 5WQ	0.00
CO00	Overcoat Industries aka Metal Chicks	Unit K Tess Bay Business Park, Brenda Road, Hartlepool, Cleveland, TS25 2BU	3,024 00
CP00	P & P Non Ferrous Ltd	Unit 2 Albion Works, Moor Street, Brierley Hill, West Midlands, DY5 3SZ	727 20
CP01	Phoenix Packaging	Unit 1 Bullrush Mills, Off Bradford Road, Batley, West Yorkshire, WF17 8HF	396 20
CR00	Redundancy Payment Service	Insolvency Service, Redundancy Payments, PO Box 16685, Birmingham, B2 2LX	0 00
CR02	Rohrwerk Maxhutte GmbH	P O Box 13 58, 92231, Sulzbach-Rosenberg, GERMANY	8,933 92
CR01	Ronconi S R L	20090, Opera (Mi), Via Lambro 9, ITALY	72,302 51
CS01	Salem Tube Inc	951 Fourth Street, Greenville, PA 16125, U S A	4,471 78
CS02	Sandvik Materials Technology UK Ltd	Manor Way, Halesowen, West Midlands, B62 8QZ	7,484 00
CS03	Sheldon Clayton Logistics Ltd	Cygnus Point, Black Country New Road, West Bromwich, B70 0BD	140 00
CS04	Siemens Financial Services	Townsend House, 160 Northolt Road, Harrow, Middlesex, HA2 0PG	222 00
CS05	Sintra UK Ltd	Lancaster Approach, North Killingholme, North Lincs, DN40 3JZ	0 00
CS06	Special Metals Wiggan Ltd	Holmer Road, Hereford, HR4 9SL	8,340 24
CS00	SpiroGills Thermal Products	St Albans Road, Stafford, ST16 3DR	8,414 19
CS07	Stokoe Rodger & Co	St Matthews house, Haugh Lane, Hexham, Northumberland, NE46 3PU	0 00
CT00	Talk Talk	Christie Fields, Derwent Avenue, Manchester, M12 7QS	4 93
CT01	Total Gas & Power Limited	Bridge Gate, 55-57 High Street, Redhill, Surrey, RH1 1RX	345 33
CT02	Tubacex Tubos Inoxidables SA	Tres Cruces 8, P O Box 22, Llodio Alava, Spain	105,051 71
CV00	Vodafone Group Plc	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN	0 00
<b>48 Entries Totalling</b>			<b>383,266.04</b>

Signature \_\_\_\_\_

### **APPENDIX 3**

***The Joint Administrators' Receipts and Payments account  
for the period from 7 December 2016 to 26 January 2017***

**Tube Supply International Limited**  
**(In Administration)**  
**Joint Liquidators' Summary of Receipts & Payments**  
**To 26/01/2017**

S of A £	£	£
		NIL
REPRESENTED BY		NIL

Gordon Smythe Goldie  
Joint Liquidator

## TAIT WALKER TURNAROUND AND INSOLVENCY - FEE RECOVERY POLICY

### Introduction

The Insolvency legislation was changed in October 2015, with one or two exceptions, for Insolvency appointments made from that time. This sheet explains how we intend to apply the alternative fee bases allowed by the legislation when acting as office holder in Insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the Court.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (ABRP) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at <http://www.taitwalker.co.uk/sip-9-fee-guidance/>. Alternatively a hard copy may be requested from Tait Walker Turnaround and Insolvency (A division of Tait Walker LLP), Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS or [recovery@taitwalker.co.uk](mailto:recovery@taitwalker.co.uk). Please note, however, that the guides have not yet been updated for the revised legislation, so we have provided further details in this policy document.

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration drawn. If approval has been obtained for remuneration on a time costs basis, i.e. by reference to time properly spent by members of staff of the practice at our standard charge out rates, the time incurred will also be disclosed, whether drawn or not, together with the average, or "blended" rates of such costs. Under the legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

Under some old legislation, which still applies for Insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.

### Time cost basis

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken.

### Chargeout Rates

<u>Grade of staff</u>	<u>Current charge-out rate per hour, effective from 1<sup>st</sup> November 2014</u>
	£
Partner	300
Associate Partner	275
Associate	270
Manager	260
Assistant Manager	200
Senior Case Administrator	170
Case Administrator	140
Case Support Staff	102

Up to November 2014 we referred to "maximum" rates, without specifying a minimum rate. We felt that this could be confusing and lower rates were rarely used, so we now just use the above rates.

<u>Grade of staff</u>	<u>Rate (£) per hour (Previous maximum rate (£) from 1<sup>st</sup> June 2014)</u>	<u>Rate (£) per hour (Previous maximum rate (£) from 1<sup>st</sup> October 2013)</u>
Partner/Consultant	300	300
Associate/Director	275	275
Manager	260	250
Case Handler/Administrator	170	160
Case support staff	102	100

Where necessary and appropriate, members of staff from other departments of the practice will undertake work on a case. They will be charged at their normal charge out rate for undertaking such work.

These charge-out rates charged are reviewed on an annual basis and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

- Administration and Planning.
- Investigations
- Realisation of Assets
- Creditors
- Trading
- Case specific matters

In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and on new appointments we usually only seek time costs for the following categories:

- Investigations
- Distributions
- Trading

When we seek time costs approval we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

The disclosure that we make should include sufficient information about the Insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate, any additional work undertaken, or proposed to be undertaken, the hourly rates proposed for each part of the work, and the time that the additional work is expected to take. As with the original estimate, we will say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

### Percentage basis

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a percentage basis more often. A report accompanying any fee request will set out the potential assets in the case, the remuneration percentage proposed for any realisations and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The percentage approved in respect of realisations will be charged against the assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration). In cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

#### Fixed fee

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a fixed fee basis more often. A report accompanying any fee request will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration). In cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

#### Members' voluntary liquidations and Voluntary Arrangements

The legislation changes that took effect from 1 October 2015 did not apply to members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) or Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

#### All bases

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are VAT exempt, the officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

#### Agent's Costs

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes:

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

In new appointments made after 1 October 2015, the office holder will provide details of expenses to be incurred, or likely to be incurred, when seeking fee approval. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

#### Disbursements

In accordance with SIP 9 the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the estate or Tait Walker Turnaround & Insolvency or Tait Walker LLP, in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance and Company search fees.

Category 2 expenses are incurred by the firm and recharged to the estate, they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, internal storage and mileage.

Tait Walker LLP do not typically recharge expenses disbursements which include an element of shared or allocated costs of internal facilities such as stationery, room hire, communication facilities, printing, internal document storage etc.

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## **APPENDIX 5**

**SIP9 table of time spent for areas of work where time costs fee basis is sought for the period from 7 December 2016 to 26 January 2017**

URS	Partner	Associate Partner	Associate	Manager	Assistant Manager	Senior Case Administrator	Case Administrator	Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration and Planning	0.00	0.00	0.00	0.00	0.25	0.00	0.00	0.00	0.25	42.50	170.00
Correspondence	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	0.00	0.00	0.00	0.00	1.75	0.00	0.00	0.00	1.75	287.50	170.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Matters	7.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.60	2,280.00	300.00
Statutory Matters	96.80	0.00	0.00	0.00	7.35	0.00	0.00	9.10	113.35	31,593.50	278.73
Employees	100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Total Hours	104.50	0.00	0.00	0.00	8.35	0.00	0.00	9.10	122.95		
Time Cost (£)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	34,213.50		
Average Hourly Rate (£)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	278.27		

Time Expenses	20,000.00										
	0.00										

Pre appointment Group Totals	104.50	0.00	0.00	0.00	8.35	0.00	0.00	9.10	122.95	34,213.50	278.27
Pre appointment Report Totals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	34,213.50		



## **APPENDIX 6**

**SIP9 table of time spent for areas of work where time costs fee basis is sought  
for the pre appointment period to 7 December 2016**

Tours	Partner	Associate Partner	Associate	Manager	Assistant Manager	Senior Case Administrator	Case Administrator	Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
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Administration and Planning	6.40	0.00	0.00	0.00	14.75	0.00	0.00	11.40	32.55	5,928.50	182.14
Bonding & Bordereau	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50	51.00	1.00
Books & Records	2.20	0.00	0.00	0.00	4.75	0.00	0.00	7.90	14.85	2,573.50	1.00
Cashiering & Banking	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	102.00	1.00
Checklists & Reviews	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	2.00	340.00	1.00
Filing	0.00	0.00	0.00	0.00	4.00	0.00	0.00	0.00	4.00	680.00	1.00
General Corres/ Letters/ Emails /C	0.00	0.00	0.00	0.00	3.35	0.00	0.00	1.00	4.35	671.50	1.00
Mail Redirection	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.60	0.90	135.00	1.00
Post Appointment VAT & Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	0.40	56.00	1.00
Strategy	4.20	0.00	0.00	0.00	0.10	0.00	0.00	0.00	4.30	1,277.00	1.00
WIP & Fees	0.00	0.00	0.00	0.00	0.25	0.00	0.00	0.00	0.25	42.50	1.00
Correspondence	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	39.90	0.00	0.00	0.00	2.60	0.00	0.00	2.90	45.40	12,818.00	282.33
Cash & Investments	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.10	17.00	1.00
Debtors	6.55	0.00	0.00	0.00	0.00	0.00	0.00	1.20	7.75	2,133.00	1.00
Fixtures & Fittings	3.50	0.00	0.00	0.00	0.10	0.00	0.00	0.00	3.60	1,067.00	1.00
Freehold Property / Improvement	12.55	0.00	0.00	0.00	0.10	0.00	0.00	1.00	13.65	3,922.00	1.00
Goodwill / IP	0.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.75	225.00	1.00
Motor Vehicles	0.50	0.00	0.00	0.00	0.10	0.00	0.00	0.40	1.00	223.00	1.00
Plant & Equipment	5.90	0.00	0.00	0.00	0.85	0.00	0.00	0.30	7.05	1,956.50	1.00
Stock & WIP	10.15	0.00	0.00	0.00	1.35	0.00	0.00	0.00	11.50	3,274.50	1.00
Trading	6.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.45	1,835.00	300.00
Employees	1.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.10	330.00	1.00
Operations	5.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.35	1,605.00	1.00

Hours	Partner	Associate Partner	Associate	Manager	Assistant Manager	Senior Case Administrator	Case Administrator	Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Creditors	0.00	0.00	0.00	0.00	0.35	0.00	0.00	5.90	7.25	1 025.50	141.45
General Corres/ Letters/ Emails /C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.90	5.90	966.00	1.00
Reservation of Title	0.00	0.00	0.00	0.00	0.35	0.00	0.00	0.00	0.35	59.50	1.00
Other Matters	4.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.80	1 440.00	300.00
Case specific matters	4.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.80	1 440.00	1.00
Statutory Matters	18.25	0.00	0.00	0.00	62.70	0.00	1.40	13.60	95.95	18 234.00	190.04
Appointment & Related Formalitie	8.15	0.00	0.00	0.00	26.55	0.00	1.40	11.60	47.70	8 778.50	1.00
Progress reports & related formal	8.85	0.00	0.00	0.00	38.15	0.00	0.00	2.00	47.00	9 080.50	1.00
Statement of Affairs	1.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.25	375.00	1.00
Employees	2.00	0.00	0.00	0.00	0.80	0.00	0.00	8.30	11.10	1 898.00	170.99
Employee Claims & RPO	2.00	0.00	0.00	0.00	0.50	0.00	0.00	6.20	8.70	1 553.00	1.00
Other	0.00	0.00	0.00	0.00	0.30	0.00	3.00	2.10	2.40	345.00	1.00

Time and Cost Totals  
Post Appointment

Total Hours	77.80	0.00	0.00	0.00	81.20	0.00	1.40	43.10	203.50		
Time Cost (£)	23 340.00	0.00	0.00	0.00	13 804.00	0.00	196.00	5 939.00	43 279.00		
Average Hourly Rate (£)	300.00	0.00	0.00	0.00	170.00	0.00	140.00	137.80		212.67	

Fees

Time										0.00	
Expenses										0.00	

Post appointment Group Totals

	77.80	0.00	0.00	0.00	81.20	0.00	1.40	43.10	203.50	43 279.00	212.67
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Post appointment Report Totals

	23 340.00	0.00	0.00	0.00	13 804.00	0.00	196.00	5 939.00		43 279.00	
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FEES ESTIMATE SUMMARY			
TUBE SUPPLY INTERNATIONAL LIMITED			
<p>The office holder is seeking to be remunerated on a time cost basis We use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform, recording time spent in 6 minute units Narrative is recorded to explain the work undertaken and the time spent is analysed into different categories of work This document provides an estimate as to how much time the office holder and his staff will spend undertaking specific tasks within broad categories of work, and the time costs of undertaking such work, which will depend upon the grade, or grades, of staff undertaking the work and the number of hours spent undertaking the work by each grade of staff The estimated time that will be spent undertaking the work in each category of work has been multiplied by the applicable charge out rate for each member of staff that it is anticipated will undertake work in that category to arrive at the estimated total time costs attributable to that category of work on the case We have then divided that estimated total by the estimated number of hours to arrive at what is known as a blended hourly charge out rate for that category of work The sum of all the estimates for the different categories of work is the total estimated time costs to undertake all the necessary work on the case Again, we have then divided that estimated total by the estimated number of hours to arrive at a blended hourly charge out rate for the case as a whole</p>			
The hourly charge out rates that will be used on this case are:		£	
Partner – appointment taker		£300 00	
Senior Manager		£260 00	
Manager		£200 00	
Supervisor/Senior Administrator		£170 00	
Case Administrator		£140 00	
Cashier		£102 00	
Support staff		£102 00	
LIQUIDATION OF THE COMPANY (Note 2)			
Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £

Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case	2 00	500 00	
Setting up physical/electronic case files (as applicable)	1 00	140 00	
Setting up the case on the practice's electronic case management system and entering data	2 00	280 00	
Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment (as applicable)	4 00	560 00	
Obtaining a specific penalty bond	1 50	172 00	
	-	-	
Dealing with all routine correspondence and emails relating to the case	5 00	880 00	
Opening, maintaining and managing the office holder's estate bank account	3 00	306 00	
Creating, maintaining and managing the office holder's cashbook	3 00	306 00	
Undertaking regular bank reconciliations of the bank account containing estate funds	3 00	306 00	
Reviewing the adequacy of the specific penalty bond on a quarterly basis	2 00	204 00	
Undertaking periodic reviews of the progress of the case	8 00	1,460 00	
Overseeing and controlling the work done on the case by case administrators	3 00	600 00	
Preparing, reviewing and issuing annual progress reports to creditors and members (as applicable)	5 50	1,150 00	
Filing returns at Companies House and/or Court (as applicable)	1 00	140 00	
Preparing and filing VAT returns (delete if not applicable)	3 00	306 00	
Preparing and filing Corporation Tax returns (delete if not applicable)	1 00	102 00	
Seeking closure clearance from HMRC and other relevant parties	2 00	280 00	
Preparing, reviewing and issuing final reports to creditors and members (as applicable)	5 00	700 00	
Convening and holding final meeting meetings of creditors and members (as applicable)	4 00	720 00	
Filing final returns at Companies House and/or Court (as applicable)	1 00	140 00	
Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act	3 50	750 00	

-	-	-	-
-	-	-	-
-	-	-	-
<b>Total:</b>	63 50	£10,002 00	£157 51
lower grades of staff can be used to carry out some of the initial administrative tasks however, some of the reporting may require assistance and input from the manager and partner			
<b>INVESTIGATIONS (Note 3)</b>			
<b>Description of the tasks to be undertaken in this category of work</b>	<b>Estimated time to be taken to undertake the work</b>	<b>Estimated value of the time costs to undertake the work £</b>	<b>Blended charge out rate to undertake the work £</b>
Recovering the books and records for the case	14 85	2,716 00	
Listing the books and records recovered	8 25	1,410 00	
Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act	6 00	1,210 00	
Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc	13 00	2,520 00	
Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors	11 00	2,150.00	
Further investigations into antecedent transactions which have been identified	-	-	
-	-	-	
-	-	-	
-	-	-	
<b>Total:</b>	53 10	£10,006 00	£188 44

The investigation work would require some more advanced knowledge and still, as such more input from managers and partners are required to carry out these tasks			
		116 60	£20,008 00
			£171 60
<b>GRAND TOTAL FOR ALL CATEGORIES OF WORK</b>			
<p>Explanatory Note This estimate has been provided to creditors at an early stage in the administration of the case and before the office holder has full knowledge of the case Whilst all possible steps have been taken to make this estimate as accurate as possible, it is based on the office holder's current knowledge of the case and their knowledge and experience of acting as office holder in respect of cases of a similar size and apparent complexity As a result, the estimate does not take into account any currently unknown complexities or difficulties that may arise during the administration of the case If the time costs incurred on the case by the office holder exceed the estimate, or is likely to exceed the estimate, the office holder will provide an explanation as to why that is the case in the next progress report sent to creditors Since the office holder cannot draw remuneration in excess of this estimate without first obtaining approval to do so, then where the office holder considers it appropriate in the context of the case, they will seek a resolution to increase the fee estimate so that they will then be able to draw additional remuneration over and above this estimate</p>			
<p>Note 2- Liquidation of the Company - This represents the work that is involved in the routine administrative functions and statutory investigations/reporting within the Liquidation of the Company by the office holder and their staff, together with the control and supervision of the work done on the case by the office holder and their managers It does not give direct financial benefit to the creditors, but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow</p>			
<p>Note 3 Investigations - The insolvency legislation gives the office holder powers to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure (and also in respect of matters such as misfeasance and wrongful trading The office holder is required by the Statements of Insolvency Practice to undertake an initial investigation in all cases to determine whether there are potential recovery actions for the benefit of creditors and the time costs recorded represent the costs of undertaking such an initial investigation If potential recoveries or matters for further investigation are identified then the office holder will need to incur additional time costs to investigate them in detail and to bring recovery actions where necessary, and further information will be provided to creditors and approval for an increase in fees will be made as necessary Such recovery actions will be for the benefit of the creditors and the office holder will provide an estimate of that benefit if an increase in fees is necessary The office holder is also required by legislation to report to the Department for Business, Innovation and Skills on the conduct of the directors and the work to enable them to comply with this statutory obligations is of no direct benefit to the creditors, although it may identify potential recovery actions</p>			
<p>(Delete if no case specific matters anticipated) Note 7 Case specific matters - (Insert reasons why this work needs to be undertaken and either indicate the anticipated financial benefit for creditors of undertaking the work, or indicate that there is no direct financial benefit from the work but that it is required to be undertaken by statute)</p>			

	N B When completing the estimate it is important to ensure that the prompts for the work to be done match both the case type and the circumstances of the case in question, with any that do not apply being deleted, and additional prompts being inserted as appropriate The estimates of hours spent and time costs incurred should be as accurate as possible based on previous experience of similar case types and cases, although it is appropriate to build in a small margin for error					