

AM10

Notice of administrator's progress report



Companies House

THURSDAY



A21 *A7BXW01A*
09/08/2018 #195
COMPANIES HOUSE

1 Company details

Company number 03878661
Company name in full AAC AIR CONDITIONING AND REFRIGERATION
LIMITED

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

2 Administrator's name

Full forename(s) ANDREW
Surname COEDON

3 Administrator's address

Building name/number CHURCH HOUSE
Street 13 - 15 REGENT STREET
Post town NOTTINGHAM
County/Region
Postcode NG1 5BS
Country

4 Administrator's name ①

Full forename(s) RICHARD
Surname SAVILE

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

5 Administrator's address ②

Building name/number CHURCH HOUSE
Street 13 - 15 REGENT STREET
Post town NOTTINGHAM
County/Region
Postcode NG1 5BS
Country

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

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6 Period of progress report

From date	d	1	d	9	m	0	m	1	y	2	y	0	y	1	y	8
To date	d	1	d	8	m	0	m	7	y	2	y	0	y	1	y	8

7 Progress report

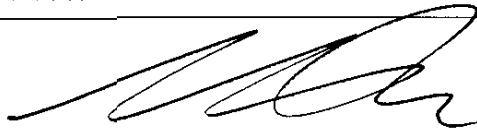
☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

d	0	d	1	m	0	m	8	y	2	y	0	y	1	y	8
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AM10

Notice of administrator's progress report



Presenter information

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

Contact name

Company name

Address

Post town

County/Region

Postcode

Country

DX

Telephone



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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

No. 8014 of 2018

**AAC Air Conditioning and Refrigeration Limited
(In Administration)**

The Joint Administrators' Progress Report to 18 July 2018

Andrew J Cordon

Richard A B Saville

Business Sustainability Limited

Church House, 13-15 Regent Street, Nottingham, NG1 5BS

0115 838 7330

info@business-sustainability.com

This report has been prepared for the sole purpose of updating the creditors for information purposes. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever.

Andrew J Cordon and Richard A B Saville were appointed Joint Administrators of AAC Air Conditioning and Refrigeration Limited on 19 January 2018. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

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- 2. The Progress of the Administration**
- 3. Creditors: Claims and Distributions**
- 4. Investigations**
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- 6. Conclusion**

Appendices

- I. Statutory Information and Definitions**
- II. The Joint Administrators' Receipts and Payments Account**
- III. The Joint Administrators' Time Costs**
- IV. Charge-out Rates and Bases of Disbursements**

1. EXECUTIVE SUMMARY

This report describes the progress since the commencement of the Administration ("the Review Period").

A summary of key information in this report is detailed below.

Asset realisations

Asset	Estimated to realise per Statement of Affairs	Realisations to date	Anticipated future realisations	Total anticipated realisations
Freehold Property	165,000	Nil	165,000	165,000
Plant & Machinery	2,500	3,415	Nil	3,415
Furniture & Equipment	560	968	Nil	968
Motor Vehicles	1,052	1,052	Nil	1,052
Stock	2,650	2,620	Nil	2,620
Work in Progress	41,970	28,500	13,470	41,970
Book Debts	2,000	18,000	Nil	18,000

Expenses

Expense	Estimated per Proposal's Estimated Outcome Statement	Expense incurred to date	Anticipated further expense to closure	Total anticipated expense
Joint Administrators' fees	29,981	Nil	25,000	54,981
Solicitors' fees	11,574	9,063	2,500	14,074
Agents' fees (chattel)	1,500	Nil	1,500	1,500
Agents' fees (property)	2,500	1,210	Nil	1,210
Statement of affairs Fee	6,000	Nil	6,000	6,000
All other expenses	1,725	1,023	1,500	2,523

Dividend prospects

Creditor class	Distribution / dividend paid to date	Anticipated distribution / dividend, based upon the above
Secured creditor	Nil	141,000
Preferential creditors	N/A	N/A
Unsecured creditors	Nil	Nil

1.1 Summary of key issues outstanding

Freehold property

As detailed in our previous reports and as disclosed on the Directors Statement of Affairs, the Company held a freehold property that was subject to the security of Lloyds Bank plc. Agents were instructed following our appointment and upon receipt of their valuation, discussions with the former directors of the Company have been held and an offer from the two directors to purchase the freehold property has been accepted in principle. The deadline for completion

has been set for the 17 August 2018, after which, if the sale has not completed on or before that date, an alternate purchaser will be sought.

Deferred Consideration/Work in Progress

As part of the sale of the business and assets which was completed upon our appointment, a proportion of the sales consideration was deferred in relation to the Company's Work in Progress. The final element of the deferred consideration remains unpaid and we continue to work and liaise with the purchaser of the business and assets to have this matter resolved. We have requested that the deferred element of the sales contract be included with the sale of the freehold property so that both matters can be concluded at the same time.

THE PROGRESS OF THE ADMINISTRATION

2.1 The Joint Administrators' receipts and payments account

Attached at Appendix II is a receipts and payments account for the Review Period.

The rest of this report describes the key developments in the Administration over the Review Period. For a detailed list of work undertaken by the Joint Administrators as a whole, see Appendix V.

In this section, we have summarised the main asset realisations during the Review Period and an estimation of the those assets yet to be realised, together with details of the associated costs incurred but as yet remaining unpaid.

2.2 Administration (including statutory reporting)

The Joint Administrators have met a considerable number of statutory and regulatory obligations. Whilst many of these tasks have not had a direct benefit in enhancing realisations for the insolvent estate, they have assisted in the efficient and compliant progressing of the administration, which has ensured that the Joint Administrators and their staff have carried out their work to high professional standards.

During the Review Period, primarily these tasks have included:

- Informing all relevant persons of the commencement of the Administration, including filing statutory documents at Companies House and meeting statutory advertising requirements;
- Issuing the Joint Administrators' Proposals, seeking relevant creditors' approvals and issuing notice of the outcome;
- Drafting and issuing the progress report to creditors;
- Consulting with and instructing staff and independent advisers as regards practical, technical and legal aspects of the case to ensure efficient progress;
- Maintaining case files, which must include records to show and explain the administration and any decisions made by the Joint Administrators that materially affect the administration;
- Monitoring and maintaining an adequate statutory bond;
- Conducting periodic case reviews to ensure that the administration is progressing efficiently, effectively and in line with the statutory requirements;
- Maintaining and updating the estate cash book and bank accounts, including regular bank reconciliations and processing receipts and payments; and
- Completing periodic tax returns.

2.3 Realisation of assets

Most of the Company's assets were included with the sale that was completed immediately upon our appointment. The freehold property and debtors were excluded from the sale and these are being realised separately. Quantity Surveyors were appointed to review the Company's debtors and advise upon the collectability of the contracts excluded from the sale completed upon our appointment. Given the nature of the business, and as advised in our previous reports, their estimations suggested that the majority, if anything, of the ledger would be collectable. We are therefore pleased to report that with continued work with the purchaser of the business, we have so far managed to collect £18,000. Given that time that elapsed, we do not anticipate any further realisations from the debtors.

Both John Pye & Sons Limited and Innes England were instructed to provide valuation advice on the sale of the freehold property. An offer in line with the valuations provided has been accepted, as detailed above, with a view to a sale to the former Directors of the Company. The deadline set for completion is 17 August 2018, after which the property will be placed on the open market.

2.4 Estimated future realisations

The only asset realisations that are anticipated of being made are that from the sale of the freehold property and deferred consideration, both of which are discussed above in more detail.

2.5 Costs incurred but remaining unpaid

The following table summarises the costs incurred during the Review Period, but which yet remain unpaid:

Cost Description	Amount (£)
Legal fees associated with the sale of freehold property	2,500
Chattel Agents Fees	1,500
Quantity surveyor Fees	2,000
Statement of Affairs Fees	6,000

During the Review Period, the Joint Administrators have also incurred time costs and direct expenses, not all of which have yet been discharged. Further details of these costs are set out in section 5 below.

2. CREDITORS: CLAIMS AND DISTRIBUTIONS

3.1 Secured creditors

The Company granted a fixed and floating charge to Lloyds bank plc who was owed £140,602 on appointment. During the Review Period, the Joint Administrators' legal advisors, Gateley plc, have confirmed the validity of the charge.

It is anticipated that the secured creditor will be paid in full following the sale of the freehold property.

3.2 Preferential creditors

There are no preferential creditors as the employees were transferred to the purchaser of the business and assets.

3.3 Unsecured creditors

Unsecured claims were estimated at £923,310 in the Director's Estimated Statement of Affairs. It is not anticipated that a dividend will be paid to unsecured creditors.

3. INVESTIGATIONS

4.1 Investigations

As part of the Joint Administrators' statutory duties, an investigation into the conduct of the Company Directors was completed.

In this regard, a confidential report was submitted to The Insolvency Service.

4.2 Initial Assessment of Potential Recoveries

As part of our duties as Joint Administrators, we are obliged to review shortly after appointment all the information available to us and conduct an initial assessment of whether there are any matters which may lead to any recoveries for the benefit of creditors. This would typically include any potential claims which may be brought against parties either connected to or who have past dealings with the Company.

This review has been completed and we confirm that we did not identify any further assets or actions which would lead to a recovery for creditors.

4. THE JOINT ADMINISTRATORS' FEES AND EXPENSES

4.1. Pre-Administration Costs

Included within the Joint Administrators' Proposals was a Statement of Pre-Administration Costs.

These costs were approved as detailed below:

Party instructed	Amount approved (£)	Date approved
CFS Restructuring LLP	15,770	23 March 2018
Gateley plc	11,574	23 March 2018

The following Pre-Administration Costs have not yet been approved and thus remain unpaid:

Party instructed	Amount (£)
CFS Restructuring LLP	15,770
Gateley plc	9,063

4.2. The Joint Administrators' Fees

The basis of the Joint Administrators' fees is to be fixed by a resolution of secured creditor as follows:

1. By reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration, such time to be charged at the prevailing standard hourly charge out rates used by Business Sustainability Limited at the time when the work is performed;

A breakdown of the time costs incurred during the Review Period and for the Administration as a whole is provided at Appendix III and further information regarding the charge-out rates of the Joint Administrators and their staff is provided at Appendix IV.

"A Creditors' Guide to Administrators' Remuneration" is available for download at;
https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Oct_2015.pdf.

Should you require a paper copy, please send your request in writing to the Joint Administrators at the address on the front of this report and this will be provided to you at no cost.

4.3. Comparison of estimates

The Joint Administrators' time costs incurred to date (whether or not they have been charged to the Administration estate) are compared with the original fees estimate as follows:

Work category	Original fees estimate			Actual time costs incurred during the Review Period			Actual time costs incurred to date		
	Number of hours	Blended hourly rate £ per hour	Total fees £	Number of hours	Average hourly rate £ per hour	Total time costs £	Number of hours	Average hourly rate £ per hour	Total time costs £
Administration (including statutory work)	91	216.54	19,705	40.70	278.88	11,350	40.70	278.88	11,350
Realisation of assets	29	295.00	8,555	32.30	295.00	9,499	32.30	295.00	9,499
Creditors' claims and distributions	24	180.42	4,330	25.20	295.00	7,434	25.20	295.00	7,434
Investigations	16	295.00	4,720	5.90	295.00	1,740.50	5.90	295.00	1,740.50

The expenses incurred to date are compared with the original expenses estimate as follows:

Category	Original expenses estimate	Actual expenses incurred to date (review period)	Actual expenses incurred to date (to date)	Reason for any excess (if the expenses are likely to have exceeded the original estimate)
Delays in completion on freehold property	11,574	9,063	9,063	Delays in completion on freehold property
Agent's fees - freehold property	1,500	Nil	Nil	
Agent's fees - freehold property	2,500	1,210	1,210	
Advertising	150	81	81	
Insurance	1,000	396	396	
Printing	275	276	276	
Office Costs	250	223	223	
Stationery/Documental/Postage	50	28	28	

The bases on which the expenses defined as Category 2 disbursements are calculated are explained in Appendix IV.

Having regard for the costs that are likely to be incurred in bringing this Administration to a close, the Joint Administrators consider that:

- the original fees estimate is unlikely to be exceeded; and
- the original expenses estimate is unlikely to be exceeded.

4.4. Creditors' right to request information

Any secured creditor, or unsecured creditor with the support of at least 5% in value of the unsecured creditors or with permission of the Court, may request in writing the Joint Administrators to provide additional information regarding fees or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report.

4.5. Creditors' right to challenge fees and/or expenses

Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors or with permission of the Court, may apply to the Court for one or more orders, reducing the amount or the basis of fees which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within 8 weeks of receipt by the applicant(s) of the progress report detailing the fees and/or expenses being complained of.

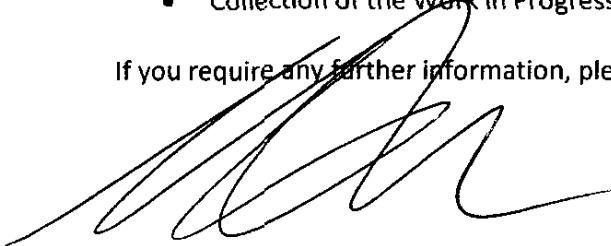
Please note that such challenges may not disturb fees or expenses (whether or not discharged from the estate) disclosed in prior progress reports.

5. CONCLUSION

The Administration will continue in order to finalise the following outstanding matters:

- Sale of the freehold property
- Collection of the Work in Progress

If you require any further information, please contact Andrew Cordon.



Andrew J Cordon
Joint Administrator

Andrew J Cordon and Richard A B Saville were appointed Joint Administrators of AAC Air Conditioning and Refrigeration Limited on 19 January 2018. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

**AAC Air Conditioning and Refrigeration Limited
(IN ADMINISTRATION)**

STATUTORY INFORMATION

Company Name	AAC Air Conditioning and Refrigeration Limited
Previous Names	N/A
Proceedings	In Administration
Court	High Court of Justice
Court Reference	8014 of 2018
Date of Appointment	19 January 2018
Joint Administrators	Andrew J Cordon Richard A B Saville Business Sustainability Limited Church House, 13-15 Regent Street, Nottingham, NG1 5BS
Registered office address	Church House, 13-15 Regent Street, Nottingham, NG1 5BS
Company Number	03878661
Appointment by	The Directors

DEFINITIONS

The Act	Insolvency Act 1986
The Rules	Insolvency Rules 1986 or Insolvency (England & Wales) Rules 2016 (whichever applied at the time of the event)
The Joint Administrators	Andrew J Cordon and Richard A B Saville of Business Sustainability Limited
The Company	AAC Air Conditioning and Refrigeration Limited (in Administration)
SIP	Statement of Insolvency Practice
Review Period	Period covered by the report from 19 January 2018 to 18 July 2018

**AAC Air Conditioning and Refrigeration Limited
(IN ADMINISTRATION)**

THE JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

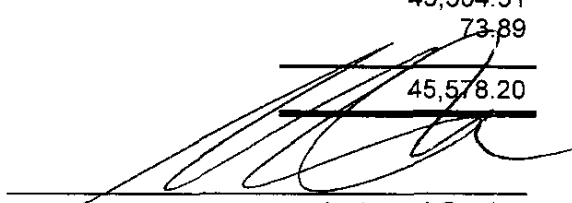
AAC Air Conditioning and Refrigeration Limited
(In Administration)

Joint Administrators' Summary of Receipts and Payments
To 18 July 2018

RECEIPTS	Statement of Affairs (£)	Total (£)
Freehold Land & Property	165,000.00	0.00
Rent		2,319.39
Plant & Machinery	2,500.00	3,415.00
Furniture & Equipment	560.00	968.00
Motor Vehicles	1,052.00	1,052.00
Stock	2,650.00	2,620.00
Work in Progress	41,970.00	28,500.00
Book Debts	2,000.00	18,000.00
		<hr/>
		56,874.39
		<hr/>
PAYMENTS		
Agents/Valuers Fees		1,210.00
Lloyds Bank plc	(140,602.00)	0.00
Specific Bond		276.00
Legal Fees (1)		9,062.84
Document Upload		28.00
Storage Costs		223.00
Statutory Advertising		81.45
Insurance of Assets		395.62
Bank Charges		19.28
Trade & Expense Creditors	(659,936.00)	0.00
Directors	(64,000.00)	0.00
Inland Revenue	(65,913.00)	0.00
Customs & Excise	(39,461.00)	0.00
Funding Circle	(94,000.00)	0.00
Ordinary Shareholders	(200.00)	0.00
		<hr/>
		11,296.19
		<hr/>
Net Receipts/(Payments)		45,578.20
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MADE UP AS FOLLOWS

Bank 1 Current	45,504.31
VAT Receivable / (Payable)	73.89
	<hr/>
	45,578.20
	<hr/>



Andrew J Cordon
Joint Administrator

**AAC Air Conditioning and Refrigeration Limited
(IN ADMINISTRATION)**

THE JOINT ADMINISTRATORS' TIME COSTS

Time Entry - Cumulative Detailed SIP9 Time & Cost Summary

AA152ADM - AAC Air Conditioning and Refrigeration Limited
To: 18/07/2018
All Post Appointment Project Codes

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Avg Hourly Rate (£)	Hours Cum (POST Only)	Time Costs Cum (POST Only)
500 : Case Specific	0.70	0.00	0.00	0.00	0.70	206.50	295.00	0.70	206.50
503 : Administration	25.60	0.00	0.00	0.00	25.60	7,552.00	295.00	25.60	7,552.00
504 : Post Appointment Notifications	11.20	0.00	0.00	3.20	14.40	3,592.00	249.44	14.40	3,592.00
Case Specific Matters	37.50	0.00	0.00	3.20	40.70	11,350.50	278.88	40.70	11,350.50
501 : Unsecured Creditors	6.80	0.00	0.00	0.00	6.80	2,006.00	295.00	6.80	2,006.00
504 : Statutory Reporting to Creditors	18.40	0.00	0.00	0.00	18.40	5,428.00	295.00	18.40	5,428.00
Creditors	25.20	0.00	0.00	0.00	25.20	7,434.00	295.00	25.20	7,434.00
201 : CDOA Reports	3.00	0.00	0.00	0.00	3.00	885.00	295.00	3.00	885.00
204 : Investigations	2.90	0.00	0.00	0.00	2.90	855.50	295.00	2.90	855.50
Investigations	5.90	0.00	0.00	0.00	5.90	1,740.50	295.00	5.90	1,740.50
302 : Property	20.20	0.00	0.00	0.00	20.20	5,959.00	295.00	20.20	5,959.00
303 : Book Debts	12.00	0.00	0.00	0.00	12.00	3,540.00	295.00	12.00	3,540.00
Realisation of Assets	32.20	0.00	0.00	0.00	32.20	9,499.00	295.00	32.20	9,499.00
Total Hours	100.80	0.00	0.00	3.20	104.00	30,024.00	288.69	104.00	30,024.00
Total Fees Claimed						0.00			

** - Denotes codes included in cumulative data that are not present in the period.

**AAC Air Conditioning and Refrigeration Limited
(IN ADMINISTRATION)**

CHARGE-OUT RATES AND BASES OF CATEGORY 2 DISBURSEMENTS

BUSINESS SUSTAINABILITY LIMITED LLP CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the company is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the company. Best practice guidance requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate, although will delegate tasks to members of staff. Such delegation assists the office holder as it allows him to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The company operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 per meeting;
- Car mileage is charged at the rate of 45 pence per mile;

- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged at the rate of £3 per box per month.
- (B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*:
- Telephone and facsimile
 - Printing and photocopying
 - Stationery

STANDARD CHARGEOUT RATES AND CHARGING POLICY FOR INSOLVENCY CASES

The rates applying as at 1 April 2017:

Senior Partner	395
Partner	295
Senior Manager	250
Manager	225
Senior Administrator	195
Administrator	150
Support	90