

# AM10

## Notice of administrator's progress report



Companies House

For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 4 4 0 7 7 3 8

Company name in full Magal Engineering Limited

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

### 2 Administrator's name

Full forename(s) Allan Watson

Surname Graham

### 3 Administrator's address

Building name/number The Chancery

Street

Post town 58 Spring Gardens

County/Region Manchester

Postcode M 2 1 E W

Country

### 4 Administrator's name ①

Full forename(s) Matthew

Surname Ingram

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

### 5 Administrator's address ②

Building name/number The Chancery

Street

Post town 58 Spring Gardens

County/Region Manchester

Postcode M 2 1 E W

Country

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

# AM10

## Notice of administrator's progress report

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### Period of progress report

From date	<sup>d</sup> 1	<sup>d</sup> 9	<sup>m</sup> 0	<sup>m</sup> 5	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 1	
To date	<sup>d</sup> 1	<sup>d</sup> 8	<sup>m</sup> 1	<sup>m</sup> 1	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 1	


7

### Progress report

☒ I attach a copy of the progress report

8

### Sign and date

Administrator's signature	Signature <b>X</b> 	<b>X</b>	
Signature date	<sup>d</sup> 1	<sup>d</sup> 7	<sup>m</sup> 1
	<sup>m</sup> 2	<sup>y</sup> 2	<sup>y</sup> 0
	<sup>y</sup> 2	<sup>y</sup> 1	

# 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 **Matthew.Dunnill**

Company name **Kroll Advisory Ltd.**

Address  
**The Chancery**  
**58 Spring Gardens**

Post town **Manchester M2 1EW**

County/Region

Postcode

Country

DX

Telephone  
**+44 (0) 161 827 9000**



### 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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)**

# Continuation page

## Name and address of insolvency practitioner

✓ **What this form is for**  
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ❶  
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**  
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**  
Please complete in typescript or in bold black capitals.  
  
All fields are mandatory unless specified or indicated by \*

### 1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

❶ You can use this continuation page with the following forms:  
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7  
- CVA1, CVA3, CVA4  
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25  
- REC1, REC2, REC3  
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15  
- COM1, COM2, COM3, COM4  
- NDISC

### 2 Insolvency practitioner's name

Full forename(s)	James Andrews
Surname	Saunders

### 3 Insolvency practitioner's address

Building name/number	The Chancery
Street	
Post town	58 Spring Gardens
County/Region	Manchester
Postcode	M 2 1 E W
Country	

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# Progress Report to Creditors

17 December 2021

**Arlington Management Services Ltd,  
Magal Engineering Limited and  
Arlington Automotive Holdings Limited  
(All In Administration)**

*Joint Administrators' Progress Report for the period 19 May 2021 to  
18 November 2021.*

**Kroll Advisory Ltd.**  
The Chancery  
58 Spring Gardens  
Manchester  
M2 1EW

Duff & Phelps rebranded as Kroll in February 2021. Insolvency cases handled by insolvency practitioners from Kroll Advisory Ltd (formerly Duff & Phelps Ltd) are still being dealt with in the same way, by the same insolvency practitioners and staff. However, our staff email addresses are now from kroll.com and in time our correspondence will reflect the Kroll branding.

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## **1. Introduction**

The Joint Administrators were appointed on 19 May 2020 by orders of the High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD), the applications to the court were made by the Directors.

This Progress Report provides an update on the Administrations of the Companies. It should be read in conjunction with the Joint Administrators' Statement of Proposals and the Joint Administrators' Previous Progress Reports.

The Joint Administrators have also explained their future strategy for each of the Administrations and the prospects of any distribution to each class of creditor.

You will find other important information in this Progress Report such as the costs the Joint Administrators have incurred during the period and an estimate of future costs and fees that are likely to be incurred.

A glossary of the abbreviations and definitions used throughout this document is attached at Appendix 8.

Please also note that an important legal notice about this Progress Report to Creditors is attached at Appendix 9.

## **2. Creditor summary**

This Progress Report covers the Reporting Period.

### **Summary of Proposals**

- The Joint Administrators issued their Statement of Proposals on 13 July 2020 seeking deemed approval of the same which are summarised at Appendix 2 of this report.
- The Joint Administrators' Proposals for achieving the purpose of the Administrations, namely achieving a better result for the Companies' Creditors as a whole than would be likely if the Companies were wound up (without first being in Administration), were approved by the Creditors, by deemed approval, on 24 July 2020 without modifications.
- There have been no amendments or deviations from the Proposals.

### **Progress to date**

- During the Reporting Period, the Joint Administrators have continued to pursue all outstanding asset realisations with a view to finalising the Administration in the coming reporting period.

### **Outcome for Creditors**

- Based on the current information available, it is anticipated that there will be sufficient assets available to enable distributions to be made to the Secured Creditor of the Companies under the terms of its security. The level of future realisations will determine whether the Secured Creditor is repaid in full.
- The Joint Administrators have now declared and paid dividends of 100p in £ to all preferential creditors of MEL and AMS. This represents full settlement of all preferential claims in the Administrations.
- Based on the current information available, it is not anticipated that there will be sufficient assets available to enable any distributions to be made to Unsecured Creditors of the Companies other than by way of the Prescribed Part in AMS.

Please note, this Progress Report provides Creditors with an account of the progress of the Administrations of the Companies in the Reporting Period. The Proposals issued to the Companies' Creditors is available to view at <https://micro.kroll.com/ukrestructuring> and paper copies can be provided free of charge by writing to Matthew Dunnill at The Chancery, 58 Spring Gardens, Manchester, M2 1EW.

Unless otherwise stated, all amounts in this Progress Report and appendices are stated net of VAT.



### **3. Progress of the Administrations**

This section provides an update on the Joint Administrators' strategy for the Administrations and progress to date.

#### **3.1 Strategy and progress to date**

- This report should be read in conjunction with the Joint Administrators' Progress Report for the four UK trading entities; AES, AANE, ATML and MCL issued on 6 December 2021.
- As sales of all subsidiary trading entities have been concluded, all trading support costs previously being met by AMS have been wound down and the relevant contracts novated to the relevant purchasers. Where appropriate costs have been recharged to subsidiary entities and some level of support has been continued for the Purchaser of a number of the former subsidiaries shares. Please see the previous progress report for more details.
- As at the date of this report, the Joint Administrators have now concluded a sale of MEL's interests in the Turkish and Indian JV entities however given that the timing of the sale was outside of the Reporting Period, full details of the transaction will be disclosed in the Joint Administrators next progress report.

#### **3.2 Asset realisations**

Realisations during the Reporting Period are set out in the attached Receipts and Payments Account at Appendix 3.

Summaries of the most significant realisations and an update on the progress of realisations during the Administrations are provided below:

##### **3.2.1 Intercompany Balances**

At the date of the Joint Administrators appointment there were significant intercompany balances between AAH, AMS and MEL with the UK trading entities and in turn with each other.

The Joint Administrators now know that a number of the subsidiary entities will be making distributions to the Unsecured Creditors by way of the Prescribed Part.

The Joint Administrators are in the process of agreeing the level of intercompany liabilities and confirm that claims have now been filed with the relevant entities to enable participation in the Prescribed Part distributions. At this time we are unable to confirm the estimated quantum of the anticipated dividend due to the ongoing claims adjudication process.

A further updated will be provided in the Joint Administrators' next report to Creditors.

##### **3.2.2 Debtors**

As detailed in the Previous Progress Report, the Joint Administrators signed a settlement agreement in respect of the apportionment of proceeds from the realisation of receivables in AGG between the AGG estate and AAH.

The agreement stated that allowing for the deduction of certain costs and expenses (which included sales tax, a provision for extended retention of title and the procurators collection fee of 9%) the net balance would be apportioned on an equal basis between AGG and AAH.

During the reporting period, AAH has received €680,815 in respect of AGG debtor realisations and a total of €4,235,943 during the Administration. The extent of any future realisations is unknown.

### **3.2.3 Intangible and Other Assets**

As previously reported, MEL also owns 60% of the shares in Magal Cavo, a JV incorporated in Turkey and 38.6% of Magal India, an Indian JV held indirectly via MEL's 100% shareholding in Magal Mauritius Limited, a Mauritian incorporated holding company. MEL is also party to a contractual licence with Magal Cavo which generates ongoing royalty income for MEL.

The sale of MEL's interest in the Turkish JV has now been concluded albeit outside of the reporting period. There are still some final matters to be dealt with and full details of the transaction will be reported in the Joint Administrators next progress report.

The Joint Administrators continue discussions in relation to MEL's interest in the Indian JV and expect to provide further detail in their next progress report.

Creditors will be aware that in the Previous Reporting period, a total of €437,463 in respect of Cavo Royalty Payments was received. There have been no further realisations from this source during the Reporting Period.

### **3.2.4 Investigations**

The Joint Administrators have complied with the statutory duty of filing their confidential report with the DBEIS regarding the conduct of the Directors of the Companies.

There are no outstanding lines of enquiry.

### **3.3 Costs**

Payments made in the Reporting Period are set out in the attached Receipts and Payments Account at Appendix 3.

### **3.4 Schedule of expenses**

The Joint Administrators have detailed the costs incurred during the Reporting Period, whether paid or unpaid, in the schedule of expenses attached at Appendix 4.

## **4. Outcome for Creditors**

### **4.1 Secured Creditors**

#### **4.1.1 Midcap/Cartesian**

The Group's main funding line, which was with Midcap, was secured against the asset base of the Companies and AGG including Accounts Receivable, Inventory, Plant and Machinery and Property. It is cross guaranteed by AAH, AMS, MEL and AIGL and was also supported by a £20m Letter of Credit provided by Pangaea.

The debentures were created on 5 April 2019 and filed at Companies House on 15 April 2019.

Following completion of the various sales and other asset realisations throughout this report, it should be noted, that on the 15 March 2021, Midcap's security was assigned to Pangaea as part of the wider transaction for the Thermal Management business. As a result of this transaction, Midcap has been repaid in full and Pangaea has assumed all the same security rights that existed in favour of Midcap.

At the 15 March 2021, the secured debt due to Pangaea was £5,028,479.

## 4.2 Preferential Creditors

As previously reported, the Joint Administrators initially made a total of four redundancies following their appointment split equally across AMS and MEL.

One of the employees of MEL that was made redundant was based in Germany and employed under German employment law and as such is not entitled to bring a claim in the UK for any statutory entitlements usually available to UK employees.

Of the then AMS employees, five were made redundant by the Joint Administrators and five were retained to support the final stages of trading and asset disposals. The retained AMS employees were transferred to the purchaser of ATM, TMSL.

During the Previous Reporting Period the Joint Administrators declared and paid distributions of 100p in £ in both MEL and AMS.

Details of the total dividends declared, and their relevant dates are provided below:

Company	Dividend Declared (£)	Date Declared
AMS	4,208.13	4 January 2021
MEL	7,819.84	29 January 2021

These include both residual employee preferential claims and the subrogated claims from the RPS.

There are no remaining preferential claims against the Companies and as such all Preferential Creditors have now been discharged.

## 4.3 Unsecured Creditors

According to the SOA as at the Appointment Date, Unsecured Creditors total the amounts shown below. Claims received to date in the Administrations are also detailed below:

Creditor	AAH (£)	MEL (£)	AMS (£)
Trade & Expense Creditors	99,467	256,729	745,379
HM Revenue & Customs	-	139,794	-
Intercompany claims	TBC	TBC	TBC
<b>Total</b>	<b>99,467</b>	<b>396,523</b>	<b>745,379</b>
<b>Claims Received</b>	<b>10,127,047</b>	<b>10,171,091</b>	<b>80,866,791</b>

Note that the process of agreement of Unsecured claims has not yet commenced in AAH or MEL at which point these will be reconciled. Based on the current information available to the Joint Administrators, it is not anticipated that there will be sufficient realisations to enable a distribution to the Unsecured Creditors other than by virtue of the Prescribed Part in AMS.

The final figure is dependent on further asset realisations, costs of the individual Administrations and the quantum of creditor claims, once adjudicated.

An update will be provided in the Joint Administrators' next progress report.

#### **4.4 Prescribed part**

The Prescribed Part is calculated as a percentage of net property, as follows:-

Net property less than £10,000:	50% unless the Joint Administrator considers that the costs of making a distribution to the Unsecured Creditors would be disproportionate to the benefits.
Net property greater than £10,000:	50% up to £10,000 plus 20% thereafter to a maximum of £600,000.

The Companies granted floating charges to the Secured Creditor on 15 April 2019 and therefore the Prescribed Part provisions will apply.

At present the Joint Administrators do not anticipate a Prescribed Part in either of AAH or MEL as realisations to date, and those expected in the future, will be secured by Pangaea's fixed charge.

During the Reporting Period the Joint Administrators issued a notice of intended dividend in AMS with an estimated prescribed part of £491,000.

Due to the complexities of some of the unsecured claims, agreement of the claims has taken longer than originally anticipated. As a result, the Joint Administrators have cancelled the previous initiated dividend procedure and will be re-issuing the Notice of Intended Dividend after which a dividend will be distributed immediately following the end of the prescribed 21-day notice period.

Creditors should note that the Prescribed Part is subject to the costs of distribution and as such does not reflect the sum to be declared and payable.

### **5. Other matters**

#### **5.1 Creditors' Committee**

A Creditors' Committee has not been established in any of the Companies.

#### **5.2 Joint Administrators' Receipts and Payments accounts**

Detailed Receipts and Payments Accounts for the Reporting Period are shown in Appendix 3.

#### **5.3 Creditors' rights**

Further information regarding the remuneration and expenses of the Joint Administrators, including Creditors' rights to challenge such costs is provided at Appendix 7, Statement of Creditors Rights.

## **6. Joint Administrators' fees and expenses and pre-Administration costs**

### **6.1 Fees and expenses**

#### **6.1.1 Time costs**

At a meeting of Creditors held by correspondence on 20 August 2020, the Secured and Preferential Creditors approved the Administrators time cost estimate and for future fees to be drawn on a time cost basis.

The Joint Administrators exceeded these initial estimates that had been approved due to the depth of work required surrounding the AGG process and the delayed sales of the subsidiaries in both MEL and AMS.

A further fee estimate was subsequently circulated to the Secured Creditor and was approved on 12 February 2021.

Details of the revised approved fee estimates are provided below:

<b>Company</b>	<b>Time Cost</b>
AMS	£223,509
MEL	£439,382
AAH	£2,005,948

Time has been charged in six-minute units and details of the time charged for the Reporting Period are attached at Appendix 5.

Time costs incurred in the Reporting Period are as detailed in the below table:

<b>Company</b>	<b>Time Cost</b>	<b>Total Hours</b>	<b>Average Hourly Cost</b>
AMS	£30,765	113	£254
MEL	£63,318	49	£380
AAH	£40,360	98	£372

Attached at Appendix 6 is the Fees Narrative with a summary of key issues, to assist Creditors in understanding the strategy of the Administrators, the associated costs and expenses of the related activities and the financial benefit to Creditors. Further details of assets and liabilities and the estimated return to Creditors, if any, are in the body of this report.

#### **6.1.2 Fees**

In the Reporting Period, the Joint Administrators have drawn remuneration as detailed in the table below, in accordance with the fee approval provided by the Secured Creditors on 12 February 2021.

The fees drawn during the Reporting Period can be summarised as follows:

<b>AMS</b>	<b>£0</b>
<b>MEL</b>	<b>£47,231</b>
<b>AAH</b>	<b>£0</b>

Details of the total fees drawn by Joint Administrators are detailed in the Receipts and Payments account attached at Appendix 3.

#### **6.1.3 Expenses**

Expenses are any payments from the Administrations which are neither the Joint Administrators' remuneration nor a distribution to a creditor or member. Expenses also include disbursements. Disbursements are payments which are first met by the Joint Administrators and then reimbursed to the Joint Administrators from the Administrations.

Expenses are divided into those that do not need approval before they are charged to the Administrations (Category 1) and those that do (Category 2).

Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the Joint Administrators.

Category 2 expense are payments to associates or which have an element of shared costs and require approval from creditors in the same manner as the Joint Administrators' remuneration, whether paid directly from the estate or as a disbursement.

The Joint Administrators provided in their Proposals report to creditors an estimate of expenses. This was for information purposes only and could possibly change over the course of the Administrations.

Appendix 4 details the expenses incurred and paid for the Reporting Period.

There have been no Category 2 Expenses incurred during the Reporting Period.

#### **6.1.4 Additional information**

Also attached at Appendix 6 is a narrative summary of the work carried out to assist Creditors in understanding the progress of the Administrations, the associated costs and expenses of the related activities and the financial benefit to Creditors.

Details of how to obtain further information relating to the fees and expenses of the Joint Administrators is set out in Appendix 7.

#### **6.2 Pre-Administration costs**

Pre-Administration costs are fees, charges and expenses incurred by the Joint Administrators or their firm, or another person qualified to act as an insolvency practitioner before the Companies entered Administration but with a view to it doing so.

A detailed breakdown is provided below:

Pre-Administration costs	AMS	MEL	AAH
Legal fees	£7,264	£7,264	£27,144
Legal Disbursements	£168	£168	£168
Kroll Advisory Ltd.	£0	£0	£300,880
<b>Total</b>	<b>£7,432</b>	<b>£7,432</b>	<b>£328,192</b>

On 20 August 2020, the Pre-Administration costs were approved by the Secured and Preferential Creditors, to be paid out of the assets of the Companies.

Payment of these costs was made by the subsidiary and as such this has been discharged in full and is no longer considered a pre-administration cost for those entities.

No fees have been drawn to date in respect of the Kroll Pre-Administration time costs.

## **7. Future strategy**

### **7.1 Future conduct of the Administrations**

The Joint Administrators will continue to manage the affairs, business and property of the Companies in order to achieve the purpose of the Administrations. This will include but not be limited to the following:

- Concluding the residual share sales of the JV entities;
- Assisting the subsidiary trading companies in the finalisation of their trading;
- Paying outstanding costs of the Administrations;
- Making distributions to the Secured and Unsecured Creditors (where funds are available to do so);
- Dealing with other statutory matters and duties including accounting for VAT and completing corporation tax returns.
- Any other such matters which are necessary for the Joint Administrators to properly undertake their duties and responsibilities.

### **7.2 Extension of the Administrations**

An Administration automatically comes to an end after one year unless an extension is granted by the Court or with the creditors' consent.

To provide sufficient time to finalise all outstanding matters (as detailed above), the Joint Administrators sought the consent of the Secured Creditor in order to extend the Administration for a further twelve months. This request was accepted. The Administrations have now been extended for a period of 12 months to 18 May 2022. A notice of the extension was filed at Companies House in respect of all of the Companies accordingly.

If you have any queries or require any further assistance, please do not hesitate to contact Matthew Dunnill of this office.

### 7.3 Future reporting

The Joint Administrators will provide a further progress report within one month of 18 May 2022 or earlier if the Administrations have been completed prior to that time.

If you require further information or assistance, please do not hesitate to contact Matthew Dunnill.



**James Saunders**  
Joint Administrator

The affairs, business and property of the Companies are being managed by the Joint Administrators, Allan Graham, James Saunders and Matthew Ingram, who act as agents for the Companies and without personal liability. All are licensed by the Insolvency Practitioners Association.



## Appendix 1 – Statutory information

### COMPANY INFORMATION

<b>Company and trading name</b>	Arlington Management Services Ltd	
<b>Date of incorporation</b>	16 November 2012	
<b>Registered Number</b>	08296565	
<b>Company Director(s)</b>	Mark Franckel, Geoffrey Hamlin, Beth Michelson and Paul Pizzani	
<b>Company Secretary</b>	N/A	
<b>Shareholders</b>	Arlington Industries Group Limited	
<b>Registered office</b>	<b>Current:</b> c/o Kroll Advisory Ltd. The Chancery 58 Spring Gardens Manchester M2 1EW	<b>Former:</b> Suite 15B Manchester International Office Centre 11 Styal Road M22 5WB
<b>Any Other trading names</b>	N/A	

### ADMINISTRATION INFORMATION

<b>Administration Appointment</b>	The Administration appointment granted in High Court of Justice, Business and Property Courts of England and Wales 002400 of 2020
<b>Appointor</b>	Directors
<b>Appointment Date</b>	19 May 2020
<b>Joint Administrators</b>	James Saunders, Allan Graham and Matthew Ingram
<b>Original purpose</b>	Achieving a better result for a company's creditors as a whole than would be likely if the company were wound up (without first being in Administration)
<b>Functions</b>	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2) of Schedule B1
<b>Current Administration expiry date</b>	18 May 2022
<b>Prescribed Part</b>	The Prescribed Part has been taken into account when determining the dividend prospects for Unsecured Creditors.
<b>Application of EC Regulations</b>	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.

## COMPANY INFORMATION

<b>Company and trading name</b>	Magal Engineering Limited	
<b>Date of incorporation</b>	2 April 2002	
<b>Registered Number</b>	04407738	
<b>Company Director(s)</b>	Mark Franckel	
<b>Company Secretary</b>	N/A	
<b>Shareholders</b>	Arlington Automotive Holdings Limited	
<b>Registered office</b>	<b>Current:</b> c/o Kroll Advisory Ltd. The Chancery 58 Spring Gardens Manchester M2 1EW	<b>Previous:</b> Suite 15B Manchester International Office Centre 11 Styal Road M22 5WB
<b>Any Other trading names</b>	N/A	

## ADMINISTRATION INFORMATION

<b>Administration Appointment</b>	The Administration appointment granted in High Court of Justice, Business and Property Courts of England and Wales 002401 of 2020
<b>Appointor</b>	Directors
<b>Appointment Date</b>	19 May 2020
<b>Joint Administrators</b>	James Saunders, Allan Graham and Matthew Ingram
<b>Original purpose</b>	Achieving a better result for a company's creditors as a whole than would be likely if the company were wound up (without first being in Administration)
<b>Functions</b>	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2) of Schedule B1
<b>Current Administration expiry date</b>	18 May 2022
<b>Prescribed Part</b>	The Prescribed Part has been taken into account when determining the dividend prospects for Unsecured Creditors.
<b>Application of EC Regulations</b>	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.

## COMPANY INFORMATION

<b>Company and trading name</b>	Arlington Automotive Holdings Limited	
<b>Date of incorporation</b>	3 June 2013	
<b>Registered Number</b>	08554259	
<b>Company Director(s)</b>	Mark Franckel, Peter Coates	
<b>Company Secretary</b>	N/A	
<b>Shareholders</b>	Arlington Industries Group Limited	
<b>Registered office</b>	<b>Current:</b> c/o Kroll Advisory Ltd. The Chancery 58 Spring Gardens Manchester M2 1EW	<b>Previous:</b> Suite 15B Manchester International Office Centre 11 Styal Road M22 5WB
<b>Any Other trading names</b>	N/A	

## ADMINISTRATION INFORMATION

<b>Administration Appointment</b>	The Administration appointment granted in High Court of Justice, Business and Property Courts of England and Wales 002397 of 2020	
<b>Appointor</b>	Directors	
<b>Appointment Date</b>	19 May 2020	
<b>Joint Administrators</b>	James Saunders, Allan Graham and Matthew Ingram	
<b>Original purpose</b>	Achieving a better result for a company's creditors as a whole than would be likely if the company were wound up (without first being in Administration)	
<b>Functions</b>	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2) of Schedule B1	
<b>Current Administration expiry date</b>	18 May 2022	
<b>Prescribed Part</b>	The Prescribed Part has been taken into account when determining the dividend prospects for Unsecured Creditors.	
<b>Application of EC Regulations</b>	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.	

## **Appendix 2 – Approved Proposals**

### **General**

- To continue to deal with such outstanding matters in relation to the Companies as the Joint Administrators consider necessary until such time as the Administration ceases to have effect;
- To do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they, in their sole and absolute discretion, consider desirable or expedient in order to achieve the purpose of the Administrations;
- To investigate and, if appropriate, pursue any claims the Companies may have for the benefit of the Companies' Creditors; and
- Seek an extension to the Administration period if considered necessary.

### **Distributions**

- To make distributions to the Secured and Preferential Creditors where funds allow;
- To make distributions to the Unsecured Creditors from the Prescribed Part, where applicable; and
- To make further distributions to the Unsecured Creditors over and above the Prescribed Part, if funds become available and apply to court for authority to do so, where applicable.

### **End of Administration**

That the Joint Administrators might use any or a combination of the following exit route strategies for each of the Companies in order to bring the Administration to an end:

- Apply to Court for the Administration orders to cease to have effect from a specified time and for the return of control to the Directors;
- Place any of the Companies into Creditors' Voluntary Liquidation if deemed appropriate. It is proposed that the Joint Administrators, currently Allan Graham, James Saunders and Matthew Ingram of Kroll would act as Joint Liquidators should any of the Companies be placed into Creditors' Voluntary Liquidation. The Creditors may nominate a different person as the proposed Liquidator, provided the nomination is received at this office prior to the approval of these Proposals. Any action required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them;
- If appropriate, the Administrators may decide to propose CVA's while any of the Companies are in Administration to provide a means of recovery for the Companies' creditors which will provide a better return than an asset sale or a liquidation of the Companies' assets.
- Petition the Court for a winding-up order placing the any of the Companies into Compulsory Liquidation if deemed appropriate. It is proposed that the Joint Administrators, currently Allan Graham, James Saunders and Matthew Ingram of Kroll would act as Joint Liquidators should any of the Companies be placed into Compulsory Liquidation without further recourse to Creditors. Any action required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them;
- Take the necessary steps to give notice of move from Administration to dissolution with the Registrar of Companies if the Joint Administrators consider that Liquidation is not appropriate for any of the Companies because (1) they have no remaining property which might permit a distribution to its Creditors, and (2) all outstanding matters have been satisfactorily completed.

Alternatively, the Joint Administrators may allow any of the Administrations to end automatically.

The Joint Administrators will be seeking specific agreement to the following Proposals from the Secured and Preferential Creditors of AMS and MEL which do not form part of these Proposals. Separate approval will also be sought for AAH from the Secured Creditor only:

#### **Remuneration and pre-Administration costs**

- That the Joint Administrators' remuneration be fixed by reference to the time properly given by them and their staff in attending to matters arising in the Administration.
- That the Joint Administrators' Fee Estimates as detailed below be approved:
  - £182,190 – AMS
  - £256,240 – MEL
  - £980,640 – AAH
- That the Joint Administrators be authorised to draw their company's internal costs and expenses in dealing with the Administrations, which have been charged in accordance with Krolls policy, as set out in Appendix 8;
- That the unpaid pre-Administration costs totalling £294,064 for AMS and MEL (as allocated), as detailed in the Joint Administrators' statement of pre-Administration costs, is approved for payment as expenses of the Administrations.
- That the unpaid pre-Administration costs totalling £328,192 for AAH, as detailed in the Joint Administrators' statement of pre-Administration costs, is approved for payment as expenses of the Administration.
- Where a Creditors' Committee is formed, the Joint Administrator's will seek to obtain approval from the Creditors' Committee.

#### **Discharge of liability**

- That the Joint Administrators be discharged from all liability in respect of any actions as Joint Administrators upon filing their final Receipts and Payments accounts with the Registrar of Companies or their appointments otherwise ceasing.
- Where a Creditors' Committee is formed, The Joint Administrator's will seek to obtain approval from the Creditors' Committee.

## Appendix 3 – Receipts and Payments account

**Arlington Management Services Limited  
(In Administration)  
Joint Administrators' Trading Account**

	From 19/05/2021 to 18/11/2021			From 19/05/2020 to 18/11/2021		
	£	€	\$	£	€	\$
<b>POST APPOINTMENT SALES</b>						
Central Cost Recharge	88,047.95	-	-	323,385.95	-	-
	88,047.95	-	-	323,385.95	0.00	-
<b>TRADING EXPENDITURE</b>						
Direct Labour	-	-	-	473,481.60	123,499.39	-
Staff Expenses	-	-	-	-	1,816.72	-
Payroll Services	-	-	-	-	850.00	-
Insurance	-	-	-	19,721.50	-	-
IT Costs	-	-	-	10,736.78	-	-
Employment Agents Costs	-	-	-	245.00	-	-
Post Appointment PAYE	28,459.41	-	-	357,688.69	96,872.43	-
Employee Costs	-	-	-	156,443.32	-	-
Personal Pensions	-	-	-	68,745.14	28,902.00	-
HR Services	-	-	-	1,800.00	-	-
International Licence Fees	73,385.79	-	-	192,250.79	-	-
Consultancy	-	-	-	27,842.60	-	-
SAGE Account Fees	-	-	-	427.50	-	-
	(101,845.20)	-	-	(1,309,382.92)	(251,940.54)	-
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>(13,797.25)</b>	<b>0</b>	<b>0</b>	<b>(985,996.97)</b>	<b>(251,940.5400)</b>	<b>-</b>

Arlington Management Services Ltd., Magal Engineering Limited, Arlington Automotive Holdings Limited (All In Administration)  
Joint Administrators' Progress Report to Creditors  
17 December 2021

	From 19/05/2021 to 18/11/2021			From 19/05/2020 to 18/11/2021		
	£	€	\$	£	€	\$
<b>ASSET REALISATIONS</b>						
TRADING SURPLUS/(DEFICIT)	(13,797.25)	-	-	(985,996.97)	(251,940.54)	-
AMS Euro to USD Transfer	-	-	-	-	-	257,300.00
AMS Euro to GBP Transfer	136,233.63	-	-	724,591.44	-	-
Bank Interest Gross	0.28	-	-	0.28	-	-
Cash at Bank	-	-	-	1,636,894.99	2,051,004.38	460,173.92
Euro Tax Refund	24,114.15	-	-	24,114.15	-	-
Eversheds Client Account Monies	-	-	-	8,395.09	-	-
Lloyds Collateral - Deferment Accounts	-	-	-	40,000.00	-	-
Lloyds Collateral - Trust Accounts	-	-	-	250,000.00	-	-
Pre-Appointment VAT Refund	-	-	-	28,353.60	-	-
Recharge of Centralised Costs to Subsidiaries	-	-	-	97,600.00	-	-
Subsidiary Loan Repayments	-	-	-	752,949.99	-	-
	<u>146,550.81</u>	<u>-</u>	<u>0.00</u>	<u>2,576,902.57</u>	<u>1,799,063.84</u>	<u>717,473.92</u>
<b>COST OF REALISATIONS</b>						
AMS Euro to GBP Transfer	-	187,502.78	-	-	854,728.84	-
AMS Euro to USD Transfer	-	-	-	-	221,000.00	-
AMS to AAH Loan	-	-	-	-	-	-
Joint Administrators Remuneration	-	-	-	90,000.00	113,140.00	-
Accountants Fees	-	-	-	1,120.00	-	-
Agents/Valuers Fees	95.00	-	-	95.00	-	-
Bank Charges	-	-	-	991.82	669.38	31.12
Group Support Payments	-	-	-	-	20,570.00	-
Data room costs	-	-	-	576.00	-	-
Intercompany Loans	-	-	-	752,949.99	-	-
Irrecoverable VAT	-	-	-	400.00	-	-
Legal Fees	-	-	-	7,145.91	13,964.71	-
Lloyds Collateral - Deferment Accounts	-	-	-	250,000.00	-	-
Lloyds Collateral - Trust Accounts	-	-	-	40,000.00	-	-
Property Tax Valuation	-	-	-	-	8,890.00	-
Stationery & Postage	45.48	-	-	101.42	-	-
Statutory Advertising	99.45	-	-	193.95	-	-
	<u>(239.93)</u>	<u>(187,502.78)</u>	<u>-</u>	<u>(1,143,574.09)</u>	<u>(1,232,962.93)</u>	<u>(31.12)</u>
<b>FLOATING CHARGE CREDITORS</b>						
Midcap Financial Services LLC	-	-	-	904,831.73	565,877.83	717,194.00
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(904,831.73)</u>	<u>(565,877.83)</u>	<u>(717,194.00)</u>
<b>Distributions</b>						
Preferential Distribution 100p in £	1,604.25	-	-	4,208.13	-	-
	<u>(1,604.25)</u>	<u>-</u>	<u>-</u>	<u>(4,208.13)</u>	<u>-</u>	<u>-</u>
	<u>144,706.63</u>	<u>(187,502.78)</u>	<u>-</u>	<u>524,288.62</u>	<u>223.08</u>	<u>248.80</u>
<b>REPRESENTED BY</b>						
Floating/main current account				508,523.82	223.08	248.80
General VAT control account				0	-	-
Suspense Account				1,040	-	-
VAT Payable				0	0	-
VAT Receivable				14,724.64	0.00	-
				<u>524,288.62</u>	<u>223.08</u>	<u>248.80</u>
Euro to Sterling Exchange Rate: 0.8663					0.8663	
USD to Sterling Exchange Rate: 0.7194						0.7194
Sterling Equivalent					<u>193.25</u>	<u>178.99</u>
<b>Total Sterling Retained</b>				<u>524,660.86</u>		

**Magal Engineering Limited**  
(In Administration)  
**Joint Administrators' Receipts and Payments Account**

	From 19/05/2021 to 18/11/2021			From 19/05/2020 to 18/11/2021		
	£	€	\$	£	€	\$
<b>SECURED ASSETS</b>						
Woolford Property Realisations	-	-	-	850,000.00	-	-
Rent - Woolford Properties	-	-	-	66,986.30	-	-
Cavo Share Sale	-	-	-	150,000.00	-	-
Cavo Royalty Payments	-	-	-	-	437,463.40	-
Sale of France Shares	-	-	-	3,800,000.00	-	-
	-	-	-	4,866,986.30	437,463.40	-
<b>COSTS OF REALISATION</b>						
Agents/Valuers Fees	5,563.03	-	-	5,563.03	-	-
Legal Fees	-	8,068.00	-	-	33,447.00	-
Legal Disbursements	-	39.00	-	-	39.00	-
Payroll	-	-	-	-	103,192.27	-
Bank Charges	-	52.77	-	-	170.57	-
Royalty Settlement	150,000.00	-	-	150,000.00	-	-
Joint Administrators Remuneration	-	-	-	215,000.00	-	-
	(155,563.03)	(8,159.77)	-	(370,563.03)	(136,848.84)	-
<b>SECURED CREDITORS</b>						
Midcap Financial Services LLC	-	-	-	3,566,000.00	172,350.00	-
Pangaea Two Acquisition Holdings VIII	100,000.00	100,000.00	-	100,000.00	100,000.00	-
	(100,000.00)	100,000.00	-	(3,666,000.00)	(272,350.00)	-
<b>ASSET REALISATIONS</b>						
Cash at Bank	-	-	-	6,524.18	-	7.79
Eversheds Client Account Monies	-	-	-	8,395.09	-	-
Internal Vodafone Recharges	719.43	-	-	9,499.78	-	-
	719.43	-	0.00	24,419.05	0.00	7.79
<b>COST OF REALISATIONS</b>						
Agents/Valuers Fees	95.00	-	-	3,475.07	-	-
Bank Charges	33.00	-	-	99.00	-	-
Employment Agents Costs	-	-	-	245.00	-	-
IT Services	-	-	-	7,904.95	-	-
Joint Administrators' Remuneration	47,231.00	-	-	197,231.00	-	-
Legal Fees	420.00	-	-	442,183.29	-	-
Legal Disbursements	68.00	-	-	68.00	-	-
Licence Fees	-	-	-	305.79	-	-
Payments on Behalf of Subsidiaries	-	-	-	1,231.79	-	-
Stationery & Postage	-	-	-	7.04	-	-
Telephone Costs	827.56	-	-	9,456.81	-	-
	(48,674.56)	-	-	(662,207.74)	0	-
<b>FLOATING CHARGE CREDITORS</b>						
Midcap Financial Services LLC	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Distributions</b>						
Preferential Distribution 100p in £	4,273.23	-	-	7,819.84	-	-
	(4,273.23)	-	-	(7,819.84)	-	-
	(307,791.39)	91,840.23	-	184,814.74	28,264.56	7.79
<b>REPRESENTED BY</b>						
Floating/main current account				8,976.91	22,237.08	7.79
General VAT control account				174,630	5,240.88	-
Suspense Account				727	-	-
VAT Payable				0	0	-
VAT Receivable				481.45	786.60	-
				184,814.74	28,264.56	7.79
Euro to Sterling Exchange Rate: 0.8663					0.8663	
USD to Sterling Exchange Rate: 0.7194						0.7194
Sterling Equivalent					24,485.59	5.60
<b>Total Sterling Retained</b>				<b>209,305.93</b>		



**Arlington Automotive Holdings Limited  
(In Administration)  
Joint Administrators' Receipts and Payments Account**

	From 19/05/2021 to 18/11/2021			From 19/05/2020 to 18/11/2021		
	£	€	\$	£	€	\$
<b>SECURED ASSETS</b>						
Sale of RE Management Shares	-	-	-	21,930.00	-	-
True Sale Realisations	-	680,815.48	-	-	4,235,942.75	-
German Tax Refund	-	-	-	-	183,631.44	-
Sale of RE Holdings Shares	-	-	-	188,188.69	8,348,768.69	-
Sale of Brazil Shares	-	-	-	5,500,000.00	-	-
Sale of China Shares	-	-	-	2,800,000.00	-	-
Sale of US Shares	-	-	-	400,000.00	-	-
	-	680,815.48	-	8,910,118.69	12,768,342.88	-
<b>COSTS OF REALISATION</b>						
Agents/Valuers Fees	30,000.00	-	-	37,107.32	-	-
Agents/Valuers Disbursements	35.79	-	-	35.79	-	-
German Tax Payment	-	-	-	-	100,056.45	-
Euro to GBP Transfer	-	-	-	-	-	-
Bank Charges	-	-	-	-	-	-
Legal Fees	432,215.00	-	-	812,881.95	357,981.06	-
Legal Disbursements	-	-	-	-	3,070.61	-
Tax Agent Fees	-	-	-	-	3,722.03	-
Joint Administrators Remuneration	-	-	-	1,400,000.00	-	-
	(462,250.79)	-	-	(2,250,025.06)	(464,830.15)	-
<b>SECURED CREDITORS</b>						
Pangaea Two Acquisition Holdings VIII	-	659,000.00	-	-	905,184.45	-
Midcap Financial Services LLC	-	-	-	7,384,119.69	9,869,411.26	-
	-	(659,000.00)	-	(7,384,119.69)	(10,774,595.71)	-
<b>ASSET REALISATIONS</b>						
Eversheds Client Account Monies	-	-	-	32,250.49	-	-
Cash At Bank	-	7.55	-	-	7.55	-
Euro Account Tax Refund	166,060.55	-	-	166,060.55	-	-
Euro to GBP Transfer	41,643.41	-	-	647,687.43	-	-
	207,703.96	7.55	0.00	845,998.47	7.55	0.00
<b>COST OF REALISATIONS</b>						
Accountancy Services	-	-	-	6,578.95	-	-
Agents/Valuers Fees	-	-	-	1,875.00	17,127.10	-
Euro to GBP Transfer	-	236,823.21	-	-	946,813.21	-
Bank Charges	-	35.11	-	75.00	353.76	-
Joint Administrators Remuneration	-	-	-	-	564,630.50	-
Irrecoverable VAT	-	-	-	0.37	-	-
Stationery & Postage	-	-	-	3.70	-	-
	-	(236,858.32)	-	(8,533.02)	(1,528,924.57)	-
<b>FLOATING CHARGE CREDITORS</b>						
Midcap Financial Services LLC	-	-	-	-	-	-
	-	-	-	-	-	-
	<b>(254,546.8300)</b>	<b>(215,035.29)</b>	<b>-</b>	<b>113,439.39</b>	<b>-</b>	<b>-</b>
<b>REPRESENTED BY</b>						
Floating/main current account				20,989.23	0.00	-
General VAT control account				0	-	-
VAT Payable				0	0	-
VAT Receivable				92,450.16	0.00	-
				<b>113,439.39</b>	<b>-</b>	<b>-</b>
Euro to Sterling Exchange Rate: 0.8663					0.8663	
USD to Sterling Exchange Rate: 0.7194						0.7194
Sterling Equivalent					-	-
<b>Total Sterling Retained</b>				<b>113,439.39</b>		

#### Appendix 4 – Schedule of expenses

A summary of expenses incurred during the Reporting Period of this report is set out below and does not include trading costs incurred on behalf of the subsidiaries, these are detailed in the Joint Administrators Trading Account:

Category 1 Expenses		AMS	MEL	AAH
Company	Activity	£	£	£
Eversheds Sutherland	Legal Fees	-	-	432,215
Reed Smith	Agents Fees	-	-	30,036
Accurate Mailing Services	Postage	45	-	-
Bank Charges		-	79	30
Vodafone	Staff Telephone Charges	-	828	-
Rogers Capital	Licence Fees	-	306	-
Courts Advertising	Statutory Advertising	99		
Evolve IS	Employment Agents	95	95	-
CRNP Legal	Legal Fees	-	488	-
Pekin Bayar	Legal Fees	-	7,023	-
<b>Total</b>		<b>239</b>	<b>8,819</b>	<b>462,281</b>

There have been no category 2 expenses paid during the Reporting Period.

Where costs have been incurred in a different currency these have been converted to £ in the above table.

The Joint Administrators choice of professional advisors was based on their perception of the experience and ability of the respective firms/individuals to perform their work, the complexity and nature of the assignment and basis of their fee.

Kroll Advisory Ltd, being the employer of the Joint Administrators and the staff working on the Administration, is considered an associate of the Administrators.

It is considered that these expenses are fair and reasonable and proportionate to the Administration.

The above costs exclude VAT.

## Appendix 5 – Analysis of time charged

### Arlington Management Services Limited

#### Analysis of Joint Administrators' Post Administration Time Costs for the period 19 May 2021 to 18 November 2021

Classification of Work Function	Managing Director	Manager	Hours Senior	Assistant	Support	Total Hours	Time Cost (£)	Avg Hourly Rate (£)
<b>Administration and Planning</b>								
Case Review & Case Diary Management	0.00	0.00	0.00	2.00	0.00	2.00	425.00	212.50
Cashiering & Accounting	0.00	2.20	6.20	14.85	0.00	23.25	6,681.50	287.38
IPS Set Up & Maintenance	0.00	0.00	0.00	0.10	0.00	0.10	15.00	150.00
Statutory Matters (Meeting & Reports & Notices)	0.00	2.40	0.50	12.55	0.00	15.45	4,588.00	296.96
Strategy Planning & Control	0.70	1.90	0.00	9.25	0.00	11.85	3,723.50	314.22
Tax Compliance / Planning	0.00	0.00	0.00	4.70	0.00	4.70	653.50	139.04
Dealings w/ directors & management (inc associated	0.00	0.00	0.00	0.55	0.00	0.55	137.50	250.00
<b>Creditors</b>								
Communication With Creditors / Employees	0.00	0.00	0.00	3.60	0.00	3.60	860.00	238.89
Non Pref Creditors / Employee Claims Handling	0.00	0.00	0.00	7.90	0.00	7.90	1,858.00	235.19
Non Pref Creditor claims adjudication & dist'n	0.00	0.00	0.00	26.10	0.00	26.10	6,375.00	244.25
Secured Creditors	0.00	4.00	0.00	0.00	0.00	4.00	2,000.00	500.00
Pref claims adjudication & distribution	0.00	0.50	0.00	0.35	0.00	0.85	337.50	397.06
<b>Realisation of Assets</b>								
Freehold and Leasehold Property	0.00	0.00	0.00	6.75	0.00	6.75	1,657.50	245.56
<b>Trading</b>								
Trading - Accounting	0.00	4.50	0.00	11.90	0.00	16.40	4,416.00	269.27
Trading - Employees	0.00	0.00	0.00	37.60	0.00	37.60	7,108.00	189.04
Trading - Operations	1.00	1.35	0.00	10.75	0.00	13.10	4,112.50	313.93
<b>Closing Matters</b>								
General Administration	0.00	0.00	0.00	0.20	0.00	0.20	30.00	150.00
Tax Matters	0.00	0.00	0.00	2.30	0.00	2.30	437.00	190.00
Treasury Matters	0.00	0.00	0.00	0.30	0.00	0.30	60.00	200.00
<b>Total Hours :</b>	0.70	11.75	6.70	94.10	0.00	113.25		253.86
<b>Total Fees (£):</b>	525.00	5,937.50	2,924.00	21,378.50	-	-	30,765.00	

### Magal Engineering Limited

#### Analysis of Joint Administrators' Post Administration Time Costs for the period 19 May 2021 to 18 November 2021

Classification of Work Function	Managing Director	Manager	Hours Senior	Assistant	Support	Total Hours	Time Cost (£)	Avg Hourly Rate (£)
<b>Administration and Planning</b>								
Case review & Case Diary management	0.00	0.00	0.00	1.75	0.00	1.75	362.50	207.14
Cashiering & accounting	0.00	3.10	15.90	14.45	0.00	33.45	11,559.00	345.56
Dealings w/ directors & management (inc associated	0.00	1.50	0.00	0.00	0.00	1.50	750.00	500.00
IPS set up & maintenance	0.00	0.00	0.00	0.15	0.00	0.15	22.50	150.00
Statutory matters (Meetings & Reports & Notices)	0.00	2.00	2.00	4.80	0.00	8.80	2,860.00	325.00
Strategy planning & control (incl engagement finan	0.50	27.50	0.00	1.05	0.00	29.05	17,517.50	603.01
Tax Compliance / Planning	0.00	3.00	0.00	37.15	0.00	40.15	5,999.50	149.43
<b>Creditors</b>								
Dealings with creditors and employees	0.00	0.00	0.00	0.45	0.00	0.45	67.50	150.00
Non Pref Creditor claims adjudication & dist'n	0.00	0.00	0.00	1.50	0.00	1.50	285.00	190.00
Non Pref Creditors / Employee claims handling	0.00	0.00	0.00	6.90	0.00	6.90	1,311.00	190.00
Pref claims adjudication & distribution	0.00	0.00	0.00	0.35	0.00	0.35	87.50	250.00
Secured Creditors	0.00	7.30	0.00	0.00	0.00	7.30	3,995.00	547.26
<b>Realisations of Assets</b>								
Other Intangible Assets	0.00	22.25	0.00	0.00	0.00	22.25	11,125.00	500.00
Sale of Business	0.00	10.50	0.00	0.00	0.00	10.50	6,825.00	650.00
<b>Trading</b>								
Trading - Accounting	0.00	0.00	0.00	2.40	0.00	2.40	426.00	177.50
Trading - Operations	0.00	0.25	0.00	0.00	0.00	0.25	125.00	500.00
<b>Total Hours :</b>	0.00	0.90	0.00	47.75	0.00	48.65		379.72
<b>Total Fees (£):</b>	375.00	43548.50	7735.50	11659.00	-	-	63,318.00	

Arlington Management Services Ltd., Magal Engineering Limited, Arlington Automotive Holdings Limited (All In Administration)  
Joint Administrators' Progress Report to Creditors  
17 December 2021

**Arlington Automotive Holdings Limited**

**Analysis of Joint Administrators' Post Administration Time Costs for the period 19 May 2021 to 18 November 2021**

Classification of Work Function	Managing Director	Manager	Hours Senior	Assistant	Support	Total Hours	Time Cost (£)	Avg Hourly Rate (£)
<b>Administration and Planning</b>								
Case Review & Case Diary Management	0.00	3.00	0.00	2.00	0.00	5.00	1,925.00	385.00
Cashiering & Accounting	0.00	2.60	1.60	4.45	0.00	8.65	3,005.50	347.46
Statutory Matters (Meeting & Reports & Notices)	0.00	1.00	2.00	5.80	0.00	8.80	2,610.00	298.59
Strategy Planning & Control	2.80	19.00	1.50	3.50	0.00	26.80	13,811.00	515.34
Tax Compliance / Planning	0.00	2.50	0.00	8.05	0.00	10.55	2,093.50	198.44
Dealings w/ directors & management (inc associated)	0.00	7.00	0.00	0.00	0.00	7.00	3,500.00	500.00
<b>Creditors</b>								
Communication With Creditors / Employees	0.00	0.00	0.00	6.50	0.00	6.50	975.00	150.00
Secured Creditors	0.00	14.05	0.00	0.00	0.00	14.05	7,595.00	540.57
<b>Realisation of Assets</b>								
Book debts	0.00	1.30	0.00	0.00	0.00	1.30	845.00	650.00
Freehold and Leasehold Property	0.00	0.50	0.00	0.00	0.00	0.50	250.00	500.00
Other Intangible Assets	0.00	6.00	0.00	0.00	0.00	6.00	3,000.00	500.00
<b>Trading</b>								
Trading - Accounting	0.00	0.00	0.00	0.60	0.00	0.60	108.00	180.00
<b>Closing Matters</b>								
General Administration	0.00	0.00	0.00	1.10	0.00	1.10	201.00	182.73
Reviewing	0.00	0.70	0.00	0.00	0.00	0.70	308.00	440.00
Tax matters	0.00	0.00	0.00	0.70	0.00	0.70	133.00	190.00
<b>Total Hours:</b>	2.80	57.65	5.10	32.70	0.00	98.25		371.74
<b>Total Fees (£):</b>	2,100.00	30,390.00	1,867.00	6,003.00	-	-	40,360.00	

## Appendix 6 – Narrative of work carried out for the Reporting Period

The key areas of work have been:

### SIP 9 narrative for the period 19 May 2020 to 18 November 2021

#### Administration and planning

- Monitoring and reviewing the Administration strategy;
- Briefing staff on the Administration strategy and matters in relation to workstreams;
- Regular case management and reviewing of process including regular team update meetings and calls;
- Meeting with management to review and update strategy and monitor progress;
- Reviewing and authorising junior staff correspondence and other work;
- Dealing with queries arising during the appointment;
- Reviewing matters affecting the outcome of the Administration;
- Allocating and managing staff/case resourcing and budgeting exercises and reviews;
- Liaising with legal advisors regarding various instructions, including agreeing content of engagement letters; and
- Complying with internal filing and information recording practices, including documenting strategy decisions.

Time costs in this category do not provide a direct financial benefit to creditors, however, are necessary to ensure that the best strategy is adopted to maximise the outcome for Creditors and ensure that the case is run efficiently.

#### Creditors

- Updating the list of Unsecured Creditors;
- Responding to enquiries from Creditors regarding the Administration and submission of their claims;
- Reviewing completed forms submitted by Creditors, recording claim amounts and maintaining claim records; and
- Drafting progress statutory progress reports.
- Providing written and oral updates to the Secured Creditor regarding the progress of the Administration and cases strategy;
- Making distributions to the Secured Creditor; and
- Filing notice of the extension of the Administration.

Time costs in this category are necessary to ensure that Creditors are kept updated as to the progress of the Administration, to assist them with submission of their claims, and ensure that their queries are dealt with, however these time costs do not provide a financial benefit to Creditors.

#### Investigations

- Managing and reviewing the Company books and records;
- Investigating the affairs of the Company to identify any actions available to the company against third parties in respect of antecedent transactions or other litigation;
- Obtaining records from third parties;
- Conducting interviews with counterparties and officeholders;
- Enquiring with counterparties who has raised disputes against the Company;
- Reviewing pre-appointment transactions; and
- Documenting investigations.

Time costs in this category will only provide a financial benefit to Creditors where successful claims are identified, leading to realisations. However, in any event the Administrators have a statutory duty to investigate the Company's affairs and provide their report to the DBEIS.

#### Statutory and compliance

- Ensuring compliance with all statutory obligations within the relevant timescales;
- Uploading information to the Creditors' Portal/Website;
- Drafting and publishing the Proposals and preparing this progress report;
- Running decision procedures;
- Reviewing time costs to date and producing analysis of time incurred which is compliant with SIP 9;
- Monitoring the fees estimate; and
- Monitoring the expenses estimate.

The role of an Administrator is highly regulated, and therefore, whilst the time costs in this category do not provide a financial benefit to Creditors, they are necessary to ensure statutory compliance with insolvency legislation and best practice.

#### Cashiering

- Preparing statutory Receipts and Payments Accounts;
- Renewing bonding and complying with statutory requirements;
- Preparing and filing VAT returns;
- Preparing regular bank reconciliations;
- Processing all trading payments GBP and International and issuing remittances where required;
- Confirming bank details to ensure payment security;
- Processing all trading journals; and
- Processing wages payments.

Time costs in this category do not provide a direct financial benefit to Creditors, but must be incurred to facilitate trading, as well as receipts and payments relating to asset realisations, and ensure accurate reporting.

#### Asset realisations

- Collating information from the Company's records regarding assets, specifically compiling historical Company records on motor vehicles, records of purchase and part exchange trading on the vehicles;
- Liaising with agents regarding the sale of assets;
- Reviewing outstanding debtors and management of debt collection strategy;
- Liaising with German CRO and Procurator in relation to AGG/AAH collection agreement;
- Seeking legal advice in relation to book debt collections;
- Liaising with third parties regarding costs incurred;
- Reviewing and agreeing invoices;
- Assessing intercompany loan positions and collectability of the same;
- Reviewing costs incurred to ensure recorded accurately; and
- Arranging payments to agents and solicitors in a timely manner.

Tax

The time costs in this category are directly beneficial to Creditors, as these are incurred in respect of asset realisations, which increase the funds available for distribution to Creditors.

- Analysing and considering the tax effects of asset sales;
- Working on tax returns relating to the periods affected by the Administrator;
- Analysing VAT related transactions; reviewing the Company's duty position to ensure compliance with duty requirements; and
- Dealing with post appointment tax compliance.

Time costs in this category are incurred to ensure statutory compliance and accurate reporting to HMRC.

## **Appendix 7 – Statement of Creditors' rights**

*Rule numbers refer to Insolvency (England & Wales) Rules 2016 (as amended)*

*Section or paragraph numbers refer to Insolvency Act 1986*

If you require a copy of any relevant rule or section, please contact Matthew Dunnill at [Matthew.Dunnill@kroll.com](mailto:Matthew.Dunnill@kroll.com).

### **Information for Creditors on remuneration and expenses of Administrators**

Information regarding the fees and expenses of Administrators, including details of the Krolls' disbursements policy and hourly charge out rates for each grade of staff that may undertake work on this case, is in a document called "Administration: A Creditor's Guide to Insolvency Practitioner Fees". This can be viewed and downloaded from the Kroll website at:

<https://www.kroll.com/en-gb/services/restructuring-advisory/creditor-guides-and-employee-fact-sheets>.

(Click on 'Administrations' under the heading 'Creditor Guides')

Should you require a copy, please contact this office.

### **Creditors' requests for further information**

If you would like to request more information about the Joint Administrators' remuneration and disbursements disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from Unsecured Creditors must be made with the concurrence of at least 5% in value of Unsecured Creditors (including, the Unsecured Creditor making the request) or with the permission of the Court.

### **Creditors' right to challenge our remuneration and expenses**

If you wish to challenge the basis of the Joint Administrators' remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by Unsecured Creditors (including the Unsecured Creditors making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Matthew Dunnill at The Chancery, 58 Spring Gardens, Manchester, M2 1EW.



## Appendix 8 – Definitions

Word or Phrase	Definition
AAH	Arlington Automotive Holdings Limited (In Administration) (Company Number: 08554259)
AANE	ANNE Realisations (NE) Limited (Formerly Arlington Automotive NE Limited) (Company Number: 01797394)
the Act	The Insolvency Act 1986 (as amended)
AESL	AES Realisations (Coventry) Limited (Formerly Arlington Engineered Systems Limited) (Company Number: 08554261)
the Agents	European Valuations Limited, independent agents who were instructed to value the assets and assist in the trading of the Companies
AGG	Arlington Germany GmbH
AMS	Arlington Management Services Ltd (In Administration) (Company Number: 08296565)
the Appointment Date	19 May 2020 being the date of appointment of the Joint Administrators
ATML	ATM Reading Realisations Limited (Formerly Arlington Thermal Management Limited) (Company Number: 04824345)
Barclays	Barclays Bank PLC with whom the Companies banked.
Cavo	Cavo Otomotiv Tic Ve San A.S – the Turkish Joint Venture Partner
the Companies	Arlington Automotive Holdings Limited (In Administration) (Company Number: 08554259) Arlington Management Services Ltd (In Administration) (Company Number: 08296565) Magal Engineering Limited (In Administration) (Company Number: 04407738)
Creditors	All classes of creditor to the Companies
CVA	Company Voluntary Arrangement
DBEIS	Department for Business, Energy & Industrial Strategy
The Directors	The Directors of the Companies as detailed at Appendix 1
Duff and Phelps / Kroll	Kroll Advisory Ltd. (Formerly Duff and Phelps Ltd.) (Company Number: 05568550)
EC Regulation	EC Regulation on Insolvency Proceedings 2000
Evtec	Evtec Automotive Limited, the purchaser of the business and assets of AESL
the Group	Arlington Automotive Group, a summary of the Group is attached at Appendix 10

HMRC	HM Revenue and Customs
HSBC	HSBC Bank PLC with whom the Companies banked.
the Joint Administrators	Allan Graham, Matthew Ingram of Kroll Advisory Ltd, 35 Newhall Street, Birmingham, B3 3PU, and James Saunders of The Chancery, 58 Spring Gardens, Manchester, M2 1EW
JV	Joint Venture
Lloyds	Lloyds Bank PLC with whom the Companies banked.
Magal Cavo	Magal Cavo Otomotiv Sanayi Ticaret ve Servis A.Ş. – the Turkish Joint Venture
Magal India	Magal Engg. Tech Prive Limited – the Indian Joint Venture
MCL	Lagam Stourport Limited (Formerly Magal Cables Limited) (Company Number: 05115514)
MEL	Magal Engineering Limited (In Administration) (Company Number: 04407738)
NOIA	Notice of Intention to Appoint Administrators
NDA	Non-Disclosure Agreement
OEM	Original Equipment Manufacture
Pangaea	Pangaea Two Acquisition Holdings VIII LLC, the Group's majority shareholder
the Prescribed Part	Pursuant to Section 176A of the Act where a floating charge is created after 15 September 2003 a designated amount of the Company's net property (floating charge assets less costs of realisation) shall be made available to Unsecured Creditors
the Previous Progress Report	The Joint Administrators Progress Report to Creditors dated 18 June 2020
the Previous Reporting Period	19 November 2020 to 18 May 2021
the Proposals	The Joint Administrators' Report to Creditors and Statement of Proposals issued on 13 July 2020
Progress Report	The Joint Administrators Progress Report to Creditors for the period 19 May 2021 to 18 November 2021
Remsons	Remsons Automotive Limited, now trading as Magal Automotive Limited (Company Number: 12838779)
Ricor	Ricor North East Limited (Company Number: 12624700)
Reporting Period	The period from 19 May 2021 to 18 November 2021
RPS	Redundancy Payments Service
the Rules	The Insolvency (England & Wales) Rules 2016 (as amended)

the Secured Creditor / Cartesian / Pangaea	Pangaea Two Acquisition Holdings VIII LLC, the Group's majority shareholder, The holder of fixed and floating charges over the Companies' assets
SIP 9	Statement of Insolvency Practice 9 – Industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and disbursements
SOA	Statement of Affairs, documentation supplied by the Director outlining the Company's financial position as at the Appointment Date
Unsecured Creditors	Non-preferential unsecured creditors of the Companies

## **Appendix 9 – Notice about this report**

This report has been prepared by Allan Graham, James Saunders and Matthew Ingram, the Joint Administrators of the Companies, solely to comply with their statutory duty to report to Creditors under the Insolvency (England and Wales) Rules 2016 on the progress of the Administrations, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of any financial interest in the Companies or any other company in the same group.

Any estimated outcomes for Creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for Creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Allan Graham, James Saunders and Matthew Ingram are authorised to act as insolvency practitioners by the Insolvency Practitioners Association.

The Joint Administrators are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for the Companies and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Kroll Advisory Ltd. does not assume any responsibility and will not accept any liability to any person in respect of this Progress Report or the conduct of the Administrations.

## Appendix 10 – Group Structure

