

The Insolvency Act 1986

**Statement of administrator's proposals**

Name of Company A & G Precision Engineers Limited	Company number 04482612
In the High Court of Justice, Chancery Division <small>[full name of court]</small>	Court case number 4783 of 2015

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

We (a) Mark Supperstone, Cameron Gunn and Simon Harris of ReSolve Partners Limited, One America Square, Crosswall, London, EC3N 2LB

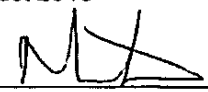
\* Delete as  
applicable

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

(b) Insert date

A copy of these proposals was sent to all known creditors on  
(b) 10 August 2015

Signed

  
Joint Administrator

Dated

10/8/15

**Contact Details.**

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

ReSolve Partners Limited	
One America Square, Crosswall, London, EC3N 2LB	
	Tel 020 7702 9775
DX Number	DX Exchange

Companies House receipt date barcode

When you have completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

WEDNESDAY



\*A4DNKB03\*

A23

12/08/2015

#3

COMPANIES HOUSE

**A & G Precision Engineers Limited  
In Administration (the Company)**

**Joint Administrators' proposals**

## **CONTENTS**

- 1 Introduction
- 2 Circumstances leading to the appointment of the Administrators
- 3 Objectives of the Administration and the Administrators' strategy for achieving them
- 4 Actions of the Administrators following appointment
- 5 Pre-packaged sale disclosure in accordance with Statement of Insolvency Practice 16 (SIP 16)
- 6 Financial position of the Company
- 7 Administrators' Receipts and Payments account
- 8 Proposed future actions of the Administrators to achieve the objective of the Administration
- 9 Administrators' remuneration and expenses
- 10 Pre-appointment fees and expenses
- 11 Administrators' investigations
- 12 EC Regulation on insolvency proceedings
- 13 Administrators' proposals
- 14 Approval of Administrators' proposals
- 15 Further information and complaints

## **APPENDICES**

- I Statutory information
- II Statement of Insolvency Practice 16 (SIP 16) – Pre-packaged sales in Administrations
- III Estimated financial position
- IV Administrators' Receipts and Payments account
- V Administrators' charge out rates, disbursement policy and narrative
- VI Schedule of post-appointment time costs
- VII Schedule of pre-appointment time costs
- VIII Form 2 25B - Notice of conduct of business by correspondence
- IX Proof of debt

## 1. INTRODUCTION

Mark Supperstone, Cameron Gunn and Simon Harris, all of ReSolve Partners Limited (ReSolve), were appointed as Joint Administrators of A & G Precision Engineers Limited (the Company) on 27 July 2015

Statutory information relating to the Company is attached at *Appendix I*

## 2. CIRCUMSTANCES LEADING TO THE APPOINTMENT OF THE ADMINISTRATORS

### Company Background

The Company is a precision engineering company that was converted from a partnership in 2002, carrying on its principal business in England and Wales. The parts produced range from a wide variety of materials for pump and vacuum companies, fastenings, electronics and automotive industries.

The Company employs eight staff and has one salaried director, Mr Samuel Denton.

In November 2013, the Company was acquired by Teller Investments Limited (TIL), an investment vehicle owned by Mr Denton, by way of a leveraged buyout. To fund the acquisition, the Company granted security over its plant and equipment to State Securities plc (now Five Arrows Business Finance Limited) (State) and security over its debtors pursuant to an invoice factoring arrangement with Arden Commercial Finance Limited (Arden). In addition, the Company granted Arden a fixed and floating charge over the entire business and assets.

Following the acquisition, the Company suffered from declining revenue due to two key customers being placed into liquidation and a third significantly reducing order quantities.

Despite some new work wins in early 2015, it was not enough to prevent a negative cash flow and pressure from creditors, including HM Revenue & Customs (HMRC) and one threatening walking possession.

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

Financial statements							
Profit and loss account	Period ended 05-Nov-13	Period ended 31-Jan-14	Period ended 16-Mar-15	Balance sheet as at	As at 05-Nov-13	As at 31-Jan-14	As at 16-Mar-15
	£	£	£		£	£	£
Turnover	605,469	678,251	490,711				
Cost of Sales	(140,124)	(151,955)	(115,760)	Fixed assets	135,501	130,532	130,532
Gross profit	465,345	526,296	374,951	Current assets	148,891	416,322	382,182
Administrative expenses	(293,122)	(377,613)	(375,321)	Creditors due < 1 year	(92,859)	(241,981)	(247,157)
Operating income	172,223	148,683	(370)	Creditors due > 1 year	-	(144,392)	(116,914)
Net interest and similar charge	(4,001)	(18,368)	(8,536)	Provisions for liabilities	-	-	-
Loss on ordinary activities before tax	168,222	130,315	(9,006)	Net assets	191,533	160,481	148,643
Taxation	(37,699)	(30,844)	(8,855)	Capital and reserves			
Net profit/(loss)	130,523	99,471	(15,861)	Called up share capital	199	199	199
				Profit/(loss) account	191,334	160,282	148,444
				Shareholders' funds	191,533	160,481	148,643

Source: Audited, Draft and Management accounts

It should be noted the management accounts have not been verified for accuracy and therefore may not reflect the Company's true trading position.

As a result of declining revenue and increased liabilities, including a significant accrued tax liability owed to HMRC, the director sought advice from one of the Company's lenders, Arden, in February 2015. ReSolve was introduced to the Company by Arden shortly thereafter to explore the various insolvency options with the Company.

It was agreed with the Company that a Creditors Voluntary Arrangement (CVA) would be the best course of action, providing the greatest return to creditors when compared to a liquidation scenario, provided that the Company made sufficient, realistic, contributions for the duration of the proposal

ReSolve was engaged by the Company in March 2015 to assist with preparing and presenting the CVA proposal to creditors. Mark Supperstone, Cameron Gunn and Simon Harris agreed to act as Joint Nominees for the Company. The CVA proposal was circulated to creditors on 5 June 2015 confirming a creditors meeting to be held to consider the proposal on 30 June 2015.

At the creditors meeting held on 30 June 2015 the proposal was rejected by the Company's largest creditor, HMRC who had indicated it would reject the proposal in the days leading up to the meeting date. The value of HMRC's claim was in excess of 95% of the creditors voting in the meeting. HMRC advised that they rejected the CVA proposal due to the historical non-compliance of the Company with respect to tax lodgements, payment of tax obligations and the view that the problems faced by the Company could not be resolved through a CVA process.

Having considered the view of the Company's major creditor, the director determined it would be in the best interests of creditors to place the Company into Administration. ReSolve was instructed 29 June 2015 to conduct a marketing campaign to determine what interest, if any, there might be in the Company's business and assets.

Following receipt of an offer to acquire the business and certain assets and after forming the view a purpose of Administration could be achieved, the Company was placed into Administration on 27 July 2015, (a Notice of Intention to Appoint Administrators was filed at court on 30 June 2015 and a second Notice was filed on 14 July 2015).

Mark Supperstone, Cameron Gunn and Simon Harris of ReSolve were appointed as Joint Administrators and completed a sale of the business and certain assets shortly after their appointment. Further detail in respect of this transaction is provided later in this report and at **Appendix II**.

The appointment permitted the Joint Administrators to take any actions required either jointly or individually, and I have been the Administrator primarily involved in dealing with the Company's affairs.

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

The purpose of an Administration is to achieve one of the three objectives set out in the insolvency legislation, which are 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 no purchaser could be found for the shares of the Company and the nature of the Company's trading, its financial circumstances and the position of its creditors meant that a CVA was not possible.

As a result, I am seeking to achieve objective (b) for the Company. I believe this is achievable as a result of the successful sale of the Company's business and certain assets on 27 July 2015. As a result of the sale it is anticipated a dividend will be declared to non-preferential unsecured creditors, which would not have been the case had the Company entered Liquidation.

Further information in respect of the sale is provided later in this report.

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 the appropriate classes of creditors, in order to seek approval to extending the duration of the Administration.

#### 4. ACTIONS OF THE ADMINISTRATORS FOLLOWING APPOINTMENT

As advised above, the Company's business and assets were sold by way of a pre-packaged sale in Administration. I decided that it was not appropriate to continue to trade the business of the Company and that an immediate sale of the Company's business and assets was the best way to achieve the objective of the Administration.

The decision was due to the Company not having sufficient working capital to fund trading in Administration, there was no source of funding available to the Administrators for trading the business and there was insufficient interest in the Company from the pre-appointment marketing campaign to suggest that a going concern sale, or a sale on better terms than the offer that was received could be achieved. Further detail regarding my decision is provided at **Appendix II**.

As a result, on 27 July 2015, I sold the Company's business and assets to Kilodata Limited (Kilodata or the Purchaser)

Since my appointment I have taken the following actions

- Liaised with my solicitors, DWF LLP (DWF), regarding the sale of the Company's business and certain assets,
- Reviewed and finalised the sale agreement,
- Completed a sale of the business and certain assets (detailed further at **Appendix II** of this report),
- Liaised with Arden regarding book debt collections,
- Written to all employees regarding the transfer of employment to the Purchaser of the Company's business and assets pursuant to the Transfer of Undertakings (Protection of Employment) regulations (TUPE),
- Liaised with Lambert Smith Hampton Limited (LSH) regarding its valuation of the Company's assets and whether the offer should be accepted,
- Sourced insurance for the Company's assets,
- Liaised with the Company's landlord in respect of the premises,
- Liaised with the Company's bankers regarding closure of the accounts,
- Dealt with all other creditor enquiries including updating HMRC, and
- Addressed all my statutory duties associated with this Administration, including the preparation of the Statement of Insolvency Practice 16 (SIP 16) – Pre-packaged sales in Administration

#### 5. PRE-PACKAGED SALE DISCLOSURE IN ACCORDANCE WITH STATEMENT OF INSOLVENCY PRACTICE 16 (SIP 16)

A sale of the Company's business and certain assets was completed on 27 July 2015 to Kilodata

Given the close proximity in time to the date of Administration and the above mentioned sale of the Company's business and certain assets, I considered it appropriate to provide the disclosure required under Statement of Insolvency Practice 16 (SIP 16), which deals with sales either immediately on or shortly after appointment of Administrators. Further details of this transaction are disclosed in **Appendix II**, Statement of Insolvency Practice 16, which was circulated to creditors on 3 August 2015

## 6 FINANCIAL POSITION OF THE COMPANY

On 30 July 2015 I requested the director prepare a summary of the Company's estimated financial position as at 27 July 2015, which is known as a Statement of Affairs. The director has requested an extension to provide the Statement of Affairs to 21 August 2015 and I have agreed to this.

In the absence of a Statement of Affairs, I have prepared an estimate of the financial position of the Company as at 27 July 2015 from the records of the Company. This can be found at **Appendix III**, together with a list of names and addresses of all known creditors and the amounts of their debts.

### Sale of business

On 27 July 2015 a sale of the Company's business and certain assets to Kilodata was completed for £27,500. A summary of the assets sold and the consideration payable is detailed below.

Asset category	Consideration Received (£)
Unencumbered Stock and WIP	27,493 00
Goodwill	1 00
Seller's records	1 00
Business intellectual property rights	1 00
Information technology	1 00
Plant and equipment	1 00
Fixtures and fittings	1 00
Computer system	1 00
<b>Total</b>	<b>27,500 00</b>

It was agreed that the consideration would be paid in four instalments, as per the following table.

Payment due by	Consideration Received (£)	Balance Owing (£)	Total Consideration (£)
27 July 2015	5,000 00	-	5,000 00
24 August 2015	-	10,000 00	10,000 00
24 September 2015	-	10,000 00	10,000 00
24 October 2015	-	2,500 00	2,500 00
<b>Total</b>	<b>5,000 00</b>	<b>22,500 00</b>	<b>27,500 00</b>

The right, title and interest in the Company's business and assets included in the sale continue to vest with the Company until the consideration is paid in full by the Purchaser.

As the consideration was not paid in full I sought security for the deferred balance. The director of Kilodata, Andrew Forster, has provided a personal guarantee and I have also obtained a cross corporate guarantee from an associated company, Placeflow Limited.

Having considered the above and the alternative options available, the Administrators agreed the sale was in the best interest of creditors.

In addition, the Administrators granted a licence to occupy the premises. Rent has also been received from Kilodata for the initial month of occupation to 31 August 2015.

Please see **Appendix II** for further details on the sale.

### **Book debts**

The Company's book debts are subject to a factoring agreement with Arden, who acquired the book debt ledger on 5 November 2013. The Company also granted Arden a fixed and floating charge over all of the assets and undertakings of the Company as part of the sale. Arden is collecting the debts outside of the Administration.

Based on current information, there may be a surplus available to the Company after Arden's debt has been repaid in full. However, the information provided on the quantum of book debts does not take into account potential disputes and non-collectable debts. We currently anticipate there may be a surplus of circa £15,000 available to the Company from debtor collections following Arden's debt being repaid, however, this amount may change, as it does not account for potential disputes or non-collectable debts.

### **Plant and machinery**

The majority of the Company's plant and machinery was subject to a lease purchase agreement with State. Acts of default by the Company before my appointment led to State taking possession of the majority of the plant and machinery meaning most items were not assets of the Company.

### **Cash at bank**

Prior to Administration the Company was operating in an overdraft facility with Lloyds Bank plc (Lloyds). I am currently awaiting confirmation of the overdrawn balance from Lloyds.

### **Secured creditors**

#### *State Securities plc (now Five Arrows Business Finance Plc) (State)*

As noted above, the Company granted security over all of its plant and equipment to State on 5 November 2013, registered at Companies House on 13 November 2013.

As State took possession of the majority of the plant and machinery it is not yet known whether State has a claim in the Administration.

#### *Arden Commercial Finance Limited (Arden)*

As noted above, a fixed and floating charge was granted in favour of Arden on 5 November 2013 and registered at Companies House on 15 November 2013.

The book debts are not included in the sale to Kilodata and are currently being collected by Arden. Further information regarding the collection of the debtors and any surplus that might be available to the Company will be provided in due course.

### **Preferential creditors**

The only known preferential creditors are former employees of the Company for unpaid wages and holiday pay. All employees, excluding the director, were transferred to the Purchaser under TUPE. This has removed potential preferential creditor claims.

### **Prescribed part**

There are provisions of the insolvency legislation that require the Administrators 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 Company's net property. A Company's net property is that amount left after paying the preferential creditors, but before paying the lender who holds a floating charge. The Administrators have 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 fixed and floating charge to Arden on 5 November 2013. Arden is expected to be repaid in full from debtor collections. As a result, it is likely I will not have to pay Arden any money under its floating charge, and the prescribed part provisions will not apply.

## **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, 27 July 2015, to the date of these proposals, at **Appendix IV**.

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

As reported earlier, I have sold the Company's business and certain assets to Kilodata and expect to receive the deferred element of the purchase consideration on or before 24 October 2015.

As part of the sale, the Company granted a licence to occupy to Kilodata for use of the premises for a period of 6 months from the date of sale. Kilodata is required to pay the Company a licence fee, equivalent to the rent payable for the premises, and any other outgoings or expenses that are, or become payable by the Company under the lease. I will ensure the licence fee is collected and rent paid prior to agreeing a surrender of the lease or an alternative form of exit from the premises.

Should there be outstanding debtors following Arden's claim being satisfied, we will take steps to collect any remaining debtors for the benefit of the Administration.

Based on current information there is likely to be sufficient funds available for distribution to unsecured creditors. The quantum of the expected distribution is dependent on any surplus funds becoming available from the Company's book debts and the receipt of the deferred consideration from the sale. When the consideration is paid and surplus debts collected, I will arrange for a first and final dividend to be declared.

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

I propose that our fees will be charged by reference to the time properly spent by us and our staff in dealing with matters relating to the Administration of the Company. This time will be charged at the hourly charge out rate of the grade of staff undertaking the work at the time the work is undertaken. Information about current charge out rates and the units of time in which work done is recorded is set out in **Appendix V**.

I also propose that I am permitted to charge what are known as category 2 expenses. Information about category 2 expenses is set out in **Appendix V**.

The approval of the basis of my remuneration as Joint Administrator and category 2 expenses forms part of these proposals. Approval is being sought by way of a meeting by correspondence as set out at **Section 14** below, but if a creditors' committee is appointed at the forthcoming meeting of creditors by correspondence, then approval will be sought from that committee instead. A committee will be formed if at least three nominations to serve on the committee are received from creditors. It would be helpful if you could contact this office prior to the last date for receipt of votes if you intend to nominate a representative to serve on the committee.

To the date this report is prepared, my time costs amount to £13,574, representing 47 hours work, at an average charge out rate of £289. A schedule of the time costs incurred to date is attached as **Appendix VI**. It is acknowledged that in order to pay a dividend to unsecured creditors my time costs will not be recovered in full.

A description of the work undertaken in the Administration to date is set out in **Appendix V**.

A copy of 'A Creditors Guide to Administrators' Fees' published by the Association of Business Recovery Professionals is available at the link - [http://www.resolvegroupuk.com/Administrators PDF](http://www.resolvegroupuk.com/Administrators%20PDF). Please note there are different versions of the Guidance Notes, and in this case we should refer to the November 2011 version. A hard copy of both documents can be obtained on request, free of charge, from this office.

My expenses to the date of these proposals amount to £293. I have not been able to draw any expenses in this matter.

Further detail on what expenses have been incurred and paid or not paid to date can be found in **Appendix V**.

The following agents or professional advisors have been utilised in this matter

Professional Advisor	Nature of Work	Fee Arrangement	Fees Incurred to date	Paid
Lambert Smith Hampton Limited	Valuer	Fixed fee	£2,500	No
DWF LLP	Solicitors	Fixed fee	£5,000	No

Prior to our appointment, LSH was instructed to provide a valuation of the Company's assets

LSH provided a valuation on two basis, in-situ and ex-situ. The former represents the value placed on the assets if sold within the workplace as part of a going concern sale. The latter represents the values if the assets are removed for sale.

DWF was instructed prior to our appointment to assist with the preparation of appointment documents and also drafting the sale contract and licence to occupy.

The choice of professionals 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. The fees charged have been reviewed and I am satisfied they are reasonable in the circumstances of this case.

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

The director of the Company instructed me to assist with placing the Company in Administration. He agreed that I should be paid my pre-appointment fees and expenses on a time cost basis. I attach at **Appendix VII** a time cost table showing the pre-appointment time costs incurred by category and staff grade at my firm. In addition to my own time costs, **Appendix VI** also details the expenses that were incurred by my firm.

The following work was undertaken prior to the appointment of the Administrators

Category	Tasks undertaken	Benefit to creditors
Creditors Voluntary Arrangement	<ul style="list-style-type: none"> <li>Reviewed the Company's solvency position and assessed the options available to the Company,</li> <li>Provided advice to the Company with respect to a Creditors Voluntary Arrangement,</li> <li>Prepared the CVA proposal and presented the proposal to creditors,</li> <li>Acted as Nominees for the CVA proposal, and</li> <li>Liaised with creditors with respect to the CVA</li> </ul>	A CVA for the Company was pursued as it was deemed to be the best option available to the Company that would provide the greatest return to creditors when compared with other insolvency scenarios
Sale of business and assets	<ul style="list-style-type: none"> <li>Conducted an accelerated marketing campaign,</li> <li>Liaised with the Company's director regarding required information,</li> <li>Liaised with interested parties,</li> <li>Liaised with LSH regarding valuation of the Company's assets and providing a recommendation of acceptance for the offer received, and</li> </ul>	<p>A sale of the business and assets was pursued pre-appointment to preserve the value of the business, work in progress and unencumbered stock.</p> <p>The Administrators were without funding to continue trading the Company post appointment, as such, a pre-packaged sale allowed the value in the WIP and unencumbered stock to be realised for the benefit of creditors.</p>

Statutory and administration	<ul style="list-style-type: none"> <li>▪ Liaised with solicitors regarding the sale contract and licence agreement</li> </ul>	The statutory and administrative tasks undertaken pre-appointment were required to support the pre-appointment actions and to the extent that the Administrators were legally obliged to carry out the tasks
	<ul style="list-style-type: none"> <li>▪ Meeting with the Company's directors regarding appointment documentation,</li> </ul>	
	<ul style="list-style-type: none"> <li>▪ Planning internally for the appointment,</li> </ul>	
	<ul style="list-style-type: none"> <li>▪ Liaising with solicitors regarding the appointment, and</li> </ul>	
	<ul style="list-style-type: none"> <li>▪ Travelling to court to file appointment documents</li> </ul>	

Agreeing to the sale of the business and certain assets via a pre-packaged Administration sale is expected to provide a dividend to unsecured creditors which would not have otherwise been available in Liquidation

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

Description	Paid pre-appointment £	To be paid £
Nominees' fee	6,000	-
Pre-appointment cost to ReSolve	-	13,797
Valuation agents	-	2,500
Legal fees	-	5,000
<b>Total</b>	<b>6,000</b>	<b>21,297</b>

The Nominees fee was paid prior to the Administration by the Company

Since the remaining 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 at the meeting by correspondence

## 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 this request for information forms part of my normal investigation procedure.

## 12. EC REGULATION ON INSOLVENCY PROCEEDINGS

I consider 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 are in the United Kingdom.

### 13. ADMINISTRATORS' PROPOSALS

In order to achieve the objective set out at section 3 above, I formally propose to creditors

- (a) The Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration by
  - (i) Realising the deferred consideration due under the terms of the sale to Kilodata and any remaining assets,
  - (ii) Assisting Arden with the collection of the outstanding book debts when required,
  - (iii) Investigating and, if appropriate, pursuing any claims 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
  - (iv) Doing all such things and generally exercising all powers as Administrators as is considered 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 it is proposed that Cameron Gunn, Simon Harris and I, Mark Supperstone 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 a different person(s) as the proposed liquidator(s), but you must make the nomination(s) at any time after you receive these proposals, but before they are approved. Information about the approval of the proposals is set out below, or
- (c) The Administration of the Company will end by making an application to Court for an order that the administration ceases, or
- (d) The Administrators be remunerated by reference to time properly spent by the Administrators and their staff in dealing with matters relating to the administration of the Company, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time it was undertaken. Details of the current charge out rates are outlined in **Appendix V** of these proposals
- (e) The Administrators be authorised to draw category 2 expenses as outlined in **Appendix V** of these proposals
- (f) The Administrators be discharged from liability in respect of any act of theirs 14 days after they cease to be Administrators of the Company

### 14. 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, to enable creditors to consider the resolution regarding the payment of pre-appointment costs and to give creditors the opportunity to form a committee. 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 26 August 2016. 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.

A separate resolution is included in the Form 2 25B to approve pre-appointment costs and expenses. The approval of our remuneration as well as our category 2 expenses will be considered as part of these proposals.

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

#### 15. FURTHER INFORMATION AND COMPLAINTS

If creditors or members have any queries regarding the proposals or the conduct of the Administration in general, they should contact Andrew Lawrie on 020 3004 0805.

Should you have any comments or complaints regarding this administration, please contact Cameron Gunn in the first instance. If you consider that we have not dealt with your comment or complaint appropriately, you may request we perform an internal independent review of your complaint. This review would be undertaken by a person within ReSolve not involved in the administration. A request for a review can be made in writing to the Compliance Manager, ReSolve Partners Limited, One America Square, Crosswall, London, EC3N 2LB or by email to [simon.harris@resolvegroupuk.com](mailto:simon.harris@resolvegroupuk.com).

If you still feel that you have not received a satisfactory response then you may be able to make a complaint to the Complaints Gateway operated by the Insolvency Service. Any such complaints should be addressed to The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds, LS11 9DA, or you may email [ip.complaints@insolvency.gov.uk](mailto:ip.complaints@insolvency.gov.uk), or you may phone 0845 602 9848. The Complaints Gateway will in turn determine if such complaint should be addressed by Mr Gunn's, Mr Supperstone's and Mr Harris' regulatory body.

Yours faithfully  
For and on behalf of  
A & G Precision Engineers Limited



Mark Supperstone  
Joint Administrator

*For enquiries regarding this correspondence please contact*

Contact name: Andrew Lawrie  
Phone number: 020 3004 0805  
Email: [andrew.lawrie@resolvegroupuk.com](mailto:andrew.lawrie@resolvegroupuk.com)

The affairs, business and property of the Company are being managed by the joint administrators. Partners and staff acting as administrators, administrative receivers or supervisors act as agents of the company over which they are appointed at all times, and without personal liability. Cameron Gunn, Mark Supperstone, Simon Harris and Paul Dawes are licensed in the United Kingdom by the Institute of Chartered Accountants in England and Wales.

## APPENDIX I

### Statutory information

#### Company information

Company name	A & G Precision Engineers Limited
Previous name	N/A
Company number	04482612
Date of incorporation	10 July 2002
Trading address	Unit 1 Hythe Works, Diplocks Way, Hailsham, East Sussex, BN27 3JF
Current registered office	ReSolve Partners Limited, One America Square, Crosswall, London, EC3N 2LB
Former registered office	5 North Street, Hailsham, East Sussex, BN27 1DQ
Principal trading activity	Precision engineering / machining

#### Appointment details

Date of appointment	27 July 2015		
Appointment made by	Director		
Court name and reference	High Court of Justice, Companies Court – Number 4783 of 2015		
Administrators appointed	Cameron Gunn	Insolvency Practitioner Number	9362
	Mark Supperstone	Insolvency Practitioner Number	9734
	Simon Harris	Insolvency Practitioner Number	11372
Paragraph 100(2) statement	Any act required or authorised under any enactment to be done by an administrator may be done by any or all of the Administrators acting jointly or alone		

#### Officers of the Company

Directors	Name	Shareholding
	Mr Samuel Denton	0*
Secretary	Name	Shareholding
	Mr Arthur Nicholls	0

*\*Mr Denton is the sole member of Teller Investments Limited, the sole member of the Company*

#### Share capital

Authorised	Allotted, called up and fully paid
99 ordinary "A" shares £1 each	99 ordinary "A" shares of £1 each
100 ordinary "B" shares £1 each	100 ordinary "B" shares of £1 each

**Charges**

Charge holder	Charge code	Date created	Brief description
State Securities Plc	0448 2612 0001	5 November 2013	Fixed charge over the plant and equipment pursuant to a lease purchase agreement
Arden Commercial Finance Limited	0448 2612 0002	5 November 2013	Fixed and floating charge over all of the assets and undertakings of the Company

**APPENDIX II**

**STATEMENT OF INSOLVENCY PRACTICE 16 (SIP 16) – PRE-PACKAGED SALES IN  
ADMINISTRATION**



## A&G PRECISION ENGINEERS LIMITED – IN ADMINISTRATION (the Company)

### STATEMENT OF INSOLVENCY PRACTICE 16 (SIP 16) PRE-PACKAGED SALES IN ADMINISTRATIONS

#### Company background and the events leading up to Administration

A&G Precision Engineering Limited (the Company) is a precision engineering company that was converted from a partnership to a limited company on 10 July 2002, carrying on its principal business in England and Wales

The Company provides high quality precision components for pump and vacuum companies, fastenings, electronics and automotive industries

The Company employs eight staff and has one salaried director, Mr Samuel Denton

#### *Sale to Teller Investments Limited*

On 5 November 2013 the Company was acquired by Teller Investments Limited (TIL), an investment vehicle owned by Mr Denton, by way of a leveraged buyout. The initial purchase price paid by TIL was £225,000, with a further £126,995 deferred consideration payable in 18 monthly instalments

To fund the acquisition, the Company granted security over the plant and equipment to State Securities plc (State) under a non-regulated lease purchase arrangement, which was registered on 5 November 2013. A separate invoice factoring facility was entered into with Arden Commercial Finance Limited (Arden) under which the Company granted Arden a fixed and floating charge over the business and assets, which was registered on 5 November 2013

To date, TIL has repaid £24,995 of the £351,995 borrowed from the Company for the acquisition

As at 30 June 2015 the loan from the Company to TIL to fund the acquisition totalled £323,992

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

Balance sheet (£)	As at 31/03/2012	As at 05/11/2013	As at 31/01/2014	As at 16/03/2015
<b>Total tangible fixed assets</b>	<b>163,594</b>	<b>135,501</b>	<b>130,532</b>	<b>130,532</b>
<b>Current assets</b>				
Stock	9,750	15,421	16,979	16,979
Debtors	155,210	120,791	72,070	38,203
Acquisition loan account	-	-	327,000	327,000
Cash at bank and in hand	32,810	12,679	273	-
<b>Total current assets</b>	<b>197,770</b>	<b>148,891</b>	<b>416,322</b>	<b>382,182</b>
<b>Total assets</b>	<b>361,364</b>	<b>284,392</b>	<b>546,854</b>	<b>512,714</b>
<b>Liabilities</b>				
Current liabilities	147,026	92,859	241,981	247,157
Non-current liabilities	10,537	-	144,392	116,914
<b>Net assets</b>	<b>203,801</b>	<b>191,533</b>	<b>160,481</b>	<b>148,643</b>
<b>Capital and reserves</b>				
Share capital	99	199	199	199
Profit and loss account	203,702	191,334	160,282	148,444
<b>Shareholder's funds</b>	<b>203,801</b>	<b>191,533</b>	<b>160,481</b>	<b>148,643</b>

Source: Audited, Draft and Management accounts

Profit and loss account (£)	Period ended 31/08/2012	Period ended 05/11/2013	Period ended 31/01/2014	Period ended 16/03/2015
Sales	561,512	605,469	678,251	490,711
Cost of sales	(141,982)	(140,124)	(151,955)	(115,760)
Gross profit	419,530	465,345	526,296	374,951
Gross profit margin	75%	77%	78%	76%
Administrative expenses	(235,321)	(293,122)	(377,613)	(375,321)
EBITDA	184,209	172,223	148,683	(370)

Source Audited, Draft and Management accounts

It should be noted the management accounts have not been verified for accuracy and therefore may not reflect the Company's true trading position. The above may contain rounding errors.

#### *Causes of insolvency*

The primary cause for the Company's insolvency as advised by the director was a fall in revenue following the sale of the business to TIL in November 2013. This was due to declining customer demand resulting from two existing customers being placed into liquidation and another customer significantly reducing order quantities. In addition, the Company's liabilities have increased over the same period. This is due to the cost of servicing the secured loans and an increase in the tax liability owing to HM Revenue and Customs (HMRC) that has accrued since December 2013.

#### **Initial Introduction**

ReSolve Partners Limited (ReSolve) was introduced to the Company by Arden, one of the secured lenders referred to above.

Arden referred ReSolve to the Company in February 2015 as a result of the director's determination that the Company was insolvent, as it was unable to make repayments on the accrued tax liability owing to HMRC referred to above.

ReSolve's initial engagement was to assist with preparing a Company Voluntary Arrangement (CVA) proposal and convening the meeting of creditors to present the proposal to the Company's creditors. Our engagement with the Company to date has included the following roles and services:

- providing initial advice to the board of directors, acting on behalf of the Company;
- assisting the Company with the preparation of the CVA proposal,
- our appointment as Nominees for the proposal, providing an objective, independent review and assessment for the report to court and to balance the interests of the Company and its creditors, and
- our appointment as Administrators to the Company, including executing the sale of the business and assets by way of a pre-pack administration.

#### *CVA proposal*

The CVA proposal required the Company to continue to trade on the basis that monthly contributions would be paid to a creditor fund monitored by the CVA Supervisor over a five year period. The secured creditors would continue to be repaid in the ordinary course of business.

The total funds payable by the Company to the CVA Supervisor over the period would be £90,000, with the return to unsecured creditors after costs totalling £75,000 (or 41 per cent of their claims) as full and final settlement of their claim against the Company.

In a liquidation scenario, it was forecast that there would be a shortfall to the secured creditors and preferential creditors and as such, no return to unsecured creditors.

Having consideration to the above, the CVA was deemed to be the option that would provide the greatest return to creditors

HMRC, as the major creditor of the Company, confirmed in advance of the meeting it would vote against the CVA and did vote against the proposed CVA at the meeting of creditors on 30 June 2015. HMRC's position was due to historical non-compliance of the Company and its officers to submit and pay tax obligations and the view that the problems faced by the Company could not be resolved as proposed or through a CVA.

On 26 June 2015 the Board of directors of the Company engaged ReSolve to assist with placing the Company into Administration.

#### **Pre-appointment considerations**

As advised above, the CVA proposal put forward by the Company was rejected by creditors.

The alternate courses of action that were considered by the Administrators are outlined below:

##### *Do nothing*

It has been determined by the director that the Company was insolvent. As such, the director is obliged to take steps to ensure that creditor interests are protected and must appoint an Administrator, Supervisor or Liquidator to the Company.

Accordingly, doing nothing was not an option for the Company, as it could not afford the HMRC liability and HMRC was not willing to support a CVA, so the director was at risk of wrongful trading had he continued to do nothing.

##### *Company Voluntary Arrangement*

As advised above, the CVA proposed by the Company was rejected by HMRC. The amount claimed by HMRC represented 99.98 per cent of creditor votes at the meeting for the CVA proposal. The view expressed by HMRC was that the Company and director warrant investigation by a liquidator and as such, a CVA would not be agreed.

Given HMRC's views in respect of a CVA for the Company and as HMRC's claim totals 76 per cent of total creditor claims, it would not be possible to agree a CVA proposal with the Company's creditors. As such, this option could not be pursued.

Notwithstanding the above comment about liquidation, I consulted HMRC on the possibility of an administration appointment, via a pre-pack, which HMRC accepted.

##### *Liquidation*

Liquidation was considered less favourable than administration, as an administration was likely to result in a greater return compared to that of liquidation, primarily due to the value of the unencumbered stock and work in progress (WIP), which could only be realised if the business could continue as a going concern. A comparison of outcomes is shown later in this report.

In liquidation, there is not expected to be sufficient recoveries to repay preferential creditors in full or to pay a dividend to unsecured creditors after repayment of the debts secured by State and Arden. On the basis of the valuation obtained, a sale of the Company's assets in liquidation would be unlikely to pay the costs of liquidation.

Liquidation was not therefore considered appropriate and would not provide a return to the creditors of the Company. As such, liquidation was not pursued.

### *Administration*

The financial benefit of the Company being placed into administration is that it is anticipated a distribution to the unsecured creditors will be possible

Trading in administration, marketing the business for sale once in administration and a pre-packaged business sale were all considered. I comment on each of these options as follows

- Trading in administration

Trading the business in administration was considered, however it was quickly established that the Administrators would not be in a position to carry on the business without external funding as the Company had no working capital and was reliant on an overdraft facility to pay operating costs

The bank advised that it would not extend the overdraft facility or provide any facility to fund the administration as their position would be unsecured

The secured creditors were not willing to extend further funding to the Company to continue to trade through administration as it would increase their exposure with no greater security

As such, there were no apparent sources of funding available to allow the Company to continue to trade

In light of the above, trading the business once in administration was not a viable option

- Marketing the business for sale in administration

Marketing the business in administration was considered, however this option was not viable due to the requirement for funding to continue trading the business whilst the marketing campaign was pursued. In addition, a wide marketing campaign had been carried out prior to the Administration and there was considered to be no benefit in marketing a second time

As such, marketing the business for sale in administration was not an option

- Pre-packaged business sale

The principle assets of the Company that had an unencumbered realisable value were a small amount of non-consignment stock and WIP

In order to preserve the value of the WIP and stock, the sale of the business would be required on a going concern basis. As such, it was considered a pre-packaged sale of the business via an administration process was in the Company's best interests

All of the Company's plant and equipment is subject to a registered charge with no equity in a going concern or liquidation sale scenario. All of the office furniture and equipment is third party owned

Furthermore, all employees, excluding the director were transferred to the purchaser under Transfer of Undertakings (Protection of Employment) regulations (TUPE). This has removed any potential preferential creditor claims

In view of the above, I believe it will be possible to achieve one of the three statutory objectives of Administration. I am seeking to achieve objective (b) for the Company 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). I propose to achieve this by paying a dividend to unsecured creditors in due course

By far the Company's largest unsecured creditor, HMRC, was contacted on 1 July 2015 and advised of the impending Administration and proposed sale of the business and certain assets (detailed later in this report). HMRC confirmed verbally it had no objection to the proposed sale. I have continued to liaise with HMRC throughout and notified it of the sale following completion.

#### Comparison of outcomes

Please see below a summary table comparing the estimated outcome in an administration, creditors' voluntary liquidation, and compulsory liquidation scenario.

	Administration	Creditors' Voluntary Liquidation	Compulsory Liquidation
Asset Category	(£)	(£)	(£)
Intellectual property	1	-	-
Computer system	1	-	-
Fixtures and fittings	1	-	-
Goodwill	1	-	-
Seller's records	1	-	-
Information technology	1	-	-
Plant and equipment	1	-	-
Stock and WIP	27,493	250	250
Debtors	24,418	12,209	12,209
Less Due to Arden	(9,068)	(9,068)	(9,068)
<b>Total realisations</b>	<b>51,918</b>	<b>12,459</b>	<b>12,459</b>
Less Secretary of State fees	n/a	n/a	(2,400)
<b>Net realisations</b>	<b>51,918</b>	<b>12,459</b>	<b>10,059</b>

#### Marketing of the business and assets

Following the creditors' rejection of the CVA and prior to the appointment of the Administrators, the Company's business and assets were marketed for sale. A 'teaser' document and non-disclosure agreement (NDA) were circulated on 29 June 2015 to circa 300 of ReSolve's database of financial investors, venture capitalists, private equity houses known to have an interest in distressed businesses and local engineering companies that operate in the same market as the Company.

Five parties signed an NDA and were contacted to discuss the opportunity further. No party subsequently indicated they would be interested in making an offer for the Company's business or assets.

An offer of £27,500 to acquire the Company's business and certain assets was subsequently received from Kilodata Limited on 2 July 2015, a company associated with the Company's financial controller, Mr Andrew Forster. The offer included the acquisition of the business and certain assets, excluding the Company's book debts. Funding for the acquisition was to come from State (now known as Five Arrows Business Finance Plc).

As this was the only offer received and following recommendation from Mr Roland Cramp of Lambert Smith Hampton (LSH) the offer was accepted. Mr Cramp commented 'based on the value of the assets the offer is at an acceptable level. In the event of a close down costs of sale will exceed realisations'.

Mr Cramp is a Director at Lambert Smith Hampton. Mr Cramp is a qualified chartered surveyor (RICS) and registered valuer and he confirmed his independence to provide the advice.

Accordingly, a sale contract was issued and a sale was completed immediately following my appointment on 27 July 2015. Further details of the sale are provided later in this report.

## Valuation of the business and assets

LSH was instructed to provide a valuation of the Company's assets

LSH has provided a valuation on two bases, in-situ and ex-situ. The former represents the value placed on the asset if sold within the workplace as part of a going concern sale. The latter represents the values if the assets are removed for sale. Both valuation bases are exclusive of the costs of the sale. For ease of comparison, the consideration paid for each asset category has also been disclosed next to each valuation.

Asset category	Valuation		Consideration Received (£)
	In-situ (£)	Ex-situ (£)	
Unencumbered Stock and WIP	1,500 00	250 00	27,493 00
Goodwill	-	-	1 00
Seller's records	-	-	1 00
Business intellectual property rights	-	-	1 00
Information technology	-	-	1 00
Plant and equipment	-	-	1 00
Fixtures and fittings	-	-	1 00
Computer system	-	-	1 00
Books debts	-	-	-
Acquisition loan account	-	-	-
<b>Total</b>	<b>1,500 00</b>	<b>250.00</b>	<b>27,500 00</b>

I note that WIP was excluded from the valuation provided by LSH.

I comment as follows regarding the assets acquired by Kilodata:

### Unencumbered stock and work in progress (WIP)

The Company's WIP was not considered an asset that could be sold on an open market and would likely be subject to claims from customers and suppliers whose parts and materials were included in the WIP. As such, the WIP was excluded from the valuation by LSH.

The realisable value of the unencumbered stock and WIP is subject to the business trading as a going concern and the WIP being completed and invoiced to customers. As such, the WIP was acquired by the purchaser at book value for £27,493.

### *Goodwill, seller's records, business intellectual property rights and information technology*

Goodwill is not included in the Company's accounts and is considered to have nominal or no value following the marketing campaign as there was no other interest in the business and no value attributable to goodwill by the purchaser. As such, goodwill was included in the sale for a nominal value.

The seller's records, business intellectual property rights and information technology are not valued in the Company's accounts, however, they were included in the sale as they are necessary for the ongoing trading of the business and assets as a going concern. As they are secured by the registered charge with Arden, the transfer of these assets is subject to Arden's security. These were included in the sale for a nominal value.

The purchaser has agreed to allow the Administrators access to the Company's records should they be required to perform their duties.

#### *Plant and equipment, fixtures and fittings and computer system*

The plant and equipment, fixtures and fittings and computer system are secured by the registered charges with Arden and State. As such, the transfer of these assets is subject to the registered charges. However, these assets are required for the ongoing trading and sale of the business and assets as a going concern. As such, these were included in the sale for a nominal value.

#### *Trade debtors*

The Company's book debts as at 27 July 2015 totalled £29,085.

The debts are owned by Arden and have been excluded from the sale. It is considered possible to recover a small surplus from the ledger following the business sale, which has protected the value in the ledger. That surplus could be circa £10,000.

The director advised that should the Company be forced to cease to trade a number of customers would be unlikely to settle their accounts, as they would not be provided with continued service.

#### *Acquisition loan account*

The acquisition loan account due from TIL, is unlikely to be repaid. TIL has no assets other than a shareholding in the Company. I will investigate this further in due course but this has also been excluded from the sale.

#### *The transaction*

On 27 July 2015, a sale of the Company's business and certain assets was completed to Kilodata Limited (company registration number 09642533) for £27,500. The consideration was £5,000 payable on completion, with £10,000 payable on 24 August 2015, £10,000 payable on 24 September 2015 and £2,500 payable on or before 24 October 2015. The completion payment of £5,000 has been received.

A greater sum was sought on completion, but the purchaser was not able to raise any further funds in the short timeframe. The Administrators have obtained security of the deferred consideration by obtaining a personal guarantee from the director of Kilodata Limited, Andrew Forster and also a cross corporate guarantee from Placeflow Limited, an established associated company.

The right, title and interest in the Company's business and assets included in the sale continue to vest with the Company until the consideration is paid in full by the purchaser. The Administrators considered the sale was still in the best interests of creditors.

In addition, the Administrators granted a licence to occupy the premises to Kilodata for six months.

The assets sold and the apportionment of the sale consideration is outlined earlier in this report.

The sale to Kilodata may be considered a connected party transaction, due to the following relationships between the Purchaser and the Company:

- The director of Kilodata is the financial controller of the Company, and
- The director of the Company, Mr Denton, is an ultimate beneficiary of Kilodata, as he is a member of one of the Companies that hold a shareholding in Kilodata.

Given the marketing campaign undertaken for the Company prior to the Administration and the value of the consideration provided for the assets being acquired by the purchaser, the Administrators are of the view that fair market value has been achieved for the business and assets sold to Kilodata.

To the Administrators' knowledge there are no options, buy-back arrangements or similar conditions attached to the contract of sale with the previous ownership or management, or no guarantees provided to the financiers of the Company.

The transaction enables the statutory purpose to be achieved and the sale price achieved was the best reasonably obtainable in all the circumstances

#### Conclusion

The sale of the Company's business and assets in a pre-packaged administration after an accelerated marketing and sale campaign was in the best interests of all creditors in order to preserve the realisable value of the business and assets that would have otherwise had no, or limited realisable value in a liquidation sale scenario

The director of Kilodata, Andrew Forster has provided a personal guarantee in respect of the deferred consideration. In addition, the Administrators obtained further security for the deferred consideration by way of a cross corporate guarantee from Placeflow Limited, an established associated company

It is the Administrators' opinion that this was the best approach for the administration of the Company and is the only option anticipated to deliver a return to the unsecured creditors. In an administration this will be possible and enables one of the three objectives (objective b) of administration to be met, but in a liquidation scenario there would not be a dividend available to unsecured creditors. Other options available to the Company would not be achievable

Arden confirmed it was in support of a pre-packaged business sale, as the going concern sale would likely provide a quicker recovery of the book debts and also the potential for a better return to the Company

In addition, the proposal to proceed into administration by way of a pre-pack was not objected to by HMRC, a pre-packaged sale was the only option available in the circumstances and will deliver value to the creditors where other options will not



## APPENDIX III

### ESTIMATED FINANCIAL POSITION

Note	Book Value £	Estimated to realise £
<b>Assets specifically pledged</b>		
Book debts (assigned to Arden Commercial Finance Limited)	29,084	24,418
Less Amounts owing to Arden Commercial Finance Limited	(9,068)	(9,068)
<b>Surplus / (deficiency) - carried down</b>	<b>20,016</b>	<b>15,350</b>
<b>Assets subject to fixed charge</b>		
Goodwill	-	1
Intellectual property	-	1
	-	2
Less Amounts owing to Arden Commercial Finance Limited under fixed charge	-	-
<b>Surplus / (deficiency) - carried down</b>	<b>20,016</b>	<b>15,352</b>
<b>Floating charge assets</b>		
Stock and work in progress	15,979	27,493
Computer systems	-	1
Sellers records	-	1
Plant and equipment	-	1
Fixtures and fittings	1,000	1
Information technology	-	1
Acquisition loan account	323,992	-
Surplus (brought down)	-	15,352
	<b>340,971</b>	<b>42,850</b>
<b>Estimated total assets available for preferential creditors</b>		<b>42,850</b>
<b>Preferential creditors</b>		
Employees arrears / holiday pay		-
		-
<b>Estimated surplus / (deficiency) as regards preferential creditors (net property)</b>		<b>42,850</b>
Estimated prescribed part of net property where applicable (to carry forward)		(11,670)
<b>Estimated total assets available for floating charge holders</b>		<b>31,280</b>
<b>Estimated surplus / (deficiency) of assets after floating charges</b>		<b>31,280</b>
<b>Total assets available to unsecured creditors including estimated prescribed part of net property where applicable (brought down)</b>		<b>42,850</b>
<b>Unsecured claims</b>		
Unsecured creditors		44,238
HM Revenue and Customs		140,200
		184,438
<b>Estimated surplus / (deficiency) as regards unsecured creditors</b>		<b>(141,588)</b>
<b>Issued and called up capital</b>		
Ordinary A shares		99
Ordinary B shares		100
<b>Estimated total surplus / (deficiency) as regards members</b>		<b>(141,787)</b>

**Note**

*N B The above does not include any costs of Administration*

**A & G Precision Engineers Limited**  
**Administrators' proposals**  
**10 August 2015**

**A & G Precision Engineers Limited unsecured creditors at at 27 July 2015**

Creditor Name	Total Address
£	
AALCO Metals Ltd	15 645 c/o The Credit Centre Naulica, Navington Park Waters Meeting Room Bolton BL1 8SW
Aaron Chemicals	141 Unit 5 Quarry Farm Business Park, Bodiam Nr Rye East Sussex, TN32 6RA
Acenta (Macreadys)	2,368 Usaspead Corner Pantowville Road, London, N1 9NE
Ar Engineering Systems Ltd	48 Unit 4 Forest Row Business Park, Station Road Forest Row East Sussex, RH18 5DW
Blackburn Metals Ltd	581 Commerce Way Edenbridge TN8 6ED
Bob Filbeam	67 Unit 12 The Markets Diplocks Way Hailsham East Sussex, BN27 3JF
Chubb Fire Limited	78 400 Dallow Road Luton Beds, LU1 1UR
Cogne UK Limited	364 19 Don Road Sheffield S9 2UD
Collins Chemical Blacking Limited	2 634 5 & 6B Aultone Yard Aultone Way Carshalton Surrey SM5 2LH
Corodine Ltd	1 050 Unit 2, 14 Peter Road Landing Business Park, Lancing West Sussex, BN15 8TH
CTL-EDM	170 Green Street, Green Road Mile End Green, Dartford, Kent, DA2 8EB
Cutting edge Laser Limited	2 933 Old Waleswood Colliery Mansfield Road, Waleswood, Sheffield S26 5PQ
Cutwel Limited	610 Unit A Riverside Drive Cleckheaton West Yorkshire, BD19 4DH
Dave Spicer	362 52 Hill Farm Way Southwick, Sussex, BN42 4YH
DLC Computers	162 4 St Leonards Road Eastbourne East Sussex, BN21 3UH
E-On Electromy	249 PO Box 123, Nottingham NG1 6HD
E-On Gas	319 PO Box 123 Nottingham NG1 6HD
Fieldskill Conquest Ltd	36 Unit 2 Brampton Business Park, 55 Brampton Rd Hampden Park Ind Est, Eastbourne, East Sussex, BN22 9AF
HAAS Automation Limited	500 Bradgate House, 13 Unthank Road, Norwich Norfolk, NR2 2PA
HM Revenue & Customs	140,200 Voluntary Arrangements Service Durrington Bridge House, Barnington Road Worthing West Sussex, BN12 4SE
ITC Ltd	25 Cyber House 1 Kepler, Lichfield Rd Ind Est, Tamworth, Staffs, B79 7XE
Independent Heating & Cooling	174 Unit 10 Apex Park Diplocks Way Hailsham, East Sussex, BN27 3JU
Industrial Metal Services	210 PO Box 112 Metalstock House Vanguard way, Shoeburyness Southend on Sea, SS3 9RE
Jamma Tool Hire & Abras Co Ltd	9,229 Unit 7 Stratfield Park, Electra Avenue Waterfooville Hampshire, PO7 7XN
KB Calibration Services Limited	78 1 Theaklen Drive Ponswood Ind est, East Sussex, TN38 9AZ
Mills CNC Limited	955 Tachbrook Link, Tachbrook Park Drive, Leamington Spa CV34 6SN
MSC Industrial Supply Co	490 7 Pacific Avenue, Wednesbury, West Midlands WS10 7WP
NPower	316 PO Box 462, York YO1 7ZA
Osmeta (UK) Ltd	887 Bramley House 39 Main Road, Middleton Cheney Oxfordshire, OX17 2ND
Optimum Calls Limited	91 158 Marlowes, Hemel Hempstead, Herts, HP1 1BA
Siemens Financial Services	173 Townsend Road 160 Northolt Road Harrow Middlesex, HA2 0PG
Sigla Limited	636 26 Abinger Road Ports Slade East Sussex, BN41 1RZ
Smiths Metal Centres	443 Station Business Park, Londo Road Biggleswade Beds, SG18 8QB
Sumilomo Elect HRDML Ltd	109 54 Summerleys Road Princes Risborough, Aylesbury, Bucks HP17 9PW
Sussex Coast College Hastings	710 Station Plaza Campus Hastings East Sussex, TN34 1BA
Tidmas Townsend Limited	297 201-210 Seaside Eastbourne East Sussex, BN22 7QS
TNT UK Ltd	224 PO Box 4 Ramsbottom Bury, Lancs BL0 9AR
Turner Tools	367 Unit 15 Armstrong Close Churchfield Ind estate St Leonards on Sea E.Sussex, TN38 9ST
Wallwork Heat Treatment Limited	387 Lord Street, Bury Lancs BL9 0RE
WNT (UK) Limited	120 Sheffield Airport Business Park, Europa Link, Sheffield S9 1XU

**184,438**

APPENDIX IV

RECEIPTS AND PAYMENTS ACCOUNT

SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT  
FOR THE PERIOD 27 July 2015 TO 10 August 2015

	Estimated to Realise Estimated financial position	27-Jul-15 to 10-Aug-15	Total Receipts/ Payments To Date
<b>FIXED CHARGE RECEIPTS</b>	<b>£</b>	<b>£</b>	<b>£</b>
Goodwill	1	-	-
Intellectual property	1	-	-
Debtors	24,418	-	-
	<b>24,420</b>	<b>-</b>	<b>-</b>
<b>FIXED CHARGE PAYMENTS</b>			
Repayment to Arden		-	-
		<b>-</b>	<b>-</b>
<b>Balance (Receipts less Payments)</b>			<b>-</b>
<b>FLOATING CHARGE RECEIPTS</b>	<b>£</b>	<b>£</b>	<b>£</b>
Stock and WIP	27,493	5,000	5,000
Fixtures and fittings	1	-	-
Seller's records	1	-	-
Information technology	1	-	-
Plant and equipment	1	-	-
Computer systems	1	-	-
Debtors (after repayment of Arden's debt)	15,350	-	-
Cash at bank	-	-	-
	<b>42,848</b>	<b>5,000</b>	<b>5,000</b>
<b>FLOATING CHARGE PAYMENTS</b>			
		-	-
		<b>-</b>	<b>-</b>
<b>Balance (Receipts less Payments)</b>			<b>5,000</b>
<b>Represented by</b>			
Administration current account - non interest bearing, floating			5,000
Administration current account - non interest bearing, fixed			-
VAT receivable			-
<b>TOTAL CASH IN HAND</b>			<b>5,000</b>

Mark Supperstone  
Joint Administrator  
10 August 2015

## APPENDIX V

### ADMINISTRATORS' CHARGE OUT RATES, DISBURSEMENT POLICY AND NARRATIVE

#### Joint Administrators' charge out rates

Time properly incurred on cases is charged to the assignment at the hourly rate prevailing at the time. Time is recorded in units of six minutes each, so ten per hour. The current hourly charge-out rates covering the whole period are outlined below:

	£
Principal	490
Director	400
Senior Manager	385
Manager	325
Assistant Manager	295
Senior Administrator	245
Administrator	185
Junior Administrator	125

Secretarial and support staff are not charged to the cases concerned, being accounted for as an overhead of ReSolve Partners Limited.

#### Disbursement policy

Separate charges are made in respect of directly attributable expenses (Category 1 disbursements) such as travelling (non-mileage), postage, photocopying, statutory advertising and other expenses made on behalf of the assignment.

Indirect charges (Category 2 disbursements) are charged as follows.

- Photocopying 20 pence per sheet
- Faxes/telephone/room hire £150 per annum
- Mileage 45 pence per mile

	Category One (£)	Category Two (£)	Total (£)
Management fee	-	150 00	150 00
IT Support	-	110 00	110 00
Printing and Stationary	-	9 20	9 20
Postage	23 92	-	23 92
	<b>23.92</b>	<b>269 20</b>	<b>293.12</b>

#### Narrative of work carried out:

##### Administration and Planning

- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising
- Preparing documentation required
- Dealing with all routine correspondence
- Maintaining physical case files and electronic case details on Insolv
- Case bordereau
- Case planning and strategy
- Preparing reports to members and creditors

- Maintaining and managing the Administrators' cashbook and bank account

Creditors

- Dealing with creditor correspondence and telephone conversations
- Maintaining creditor information on Insolv

Investigations

- Correspondence with the director regarding the completion of his questionnaire

Realisation of Assets

- Liaising with the Company's bank regarding the closure of the account
- Liaised with my solicitors, DWF regarding the sale of the Company's business and certain assets  
Reviewed draft sale agreement
- Completed a sale of the business and certain assets
- Written to all employees regarding the transfer of employment to the purchaser of the Company's business and assets pursuant to TUPE
- Liaised with agents, LSH, regarding their valuation of the Company's assets
- Sourced insurance for the Company's assets
- Liaised with the Company's landlord in respect of the premises

In addition to the routine work above and the other work undertaken, as described in the section dealing with actions since appointment, additional time has been spent as follows

APPENDIX VI

SCHEDULE OF POST-APPOINTMENT TIME COSTS

For the period 27 July 2015 to 10 August 2015

	PARTNER / DIRECTOR		MANAGER		OTHER SENIOR PROFESSIONAL		TOTAL		AVERAGE RATE Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Creditors									
Unsecured	-		1.00	325.00			1.00	325.00	325.00
	-		1.00	325.00	-	-	1.00	325.00	325.00
Realisation of Assets									
Sale of business / assets	-		5.00	1,625.00	-		5.00	1,625.00	325.00
	-		5.00	1,625.00	-	-	5.00	1,625.00	325.00
Statutory									
Statutory paperwork / form completion	-		0.20	77.00	7.00	1,295.00	7.20	1,372.00	190.56
Reporting to creditors	-		8.60	2,891.00	24.70	7,286.50	33.30	10,177.50	305.63
	-		8.80	2,968.00	32.10	8,581.50	40.90	11,623.50	284.19
Total hours and cost	-	-	14.80	4,918.00	32.10	8,581.50	46.90	13,573.50	289.41

APPENDIX VII

SCHEDULE OF PRE-APPOINTMENT TIME COSTS

To the period ending 27 July 2015

	PARTNER / DIRECTOR		MANAGER		OTHER SENIOR PROFESSIONAL		TOTAL		AVERAGE RATE
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Cost (£)
Pre Appointment	5.00	2,225.00	22.00	7,150.00	23.90	4,421.50	50.90	13,796.50	271.05
	5.00	2,225.00	22.00	7,150.00	23.90	4,421.50	50.90	13,796.50	271.05

APPENDIX VIII

FORM 2.25B – NOTICE OF CONDUCT OF BUSINESS BY CORRESPONDENCE

Form 2.25B

Rule 2.48

Notice of conduct of business by correspondence

Name of Company A & G Precision Engineers Limited	Company number 04482612
Court name High Court of Justice, Chancery Division (full name of court)	Court case number 4783 of 2015

(a) Insert full name(s) and address(es) of administrator(s) Notice is hereby given by (a) Mark Supperstone, Cameron Gunn and Simon Harns of ReSolve Partners Limited  
One America Square, Crosswall, London, EC3N 2LB

(b) Insert full name and address of registered office of the company to the creditors of (b) A & G Precision Engineers Limited  
C/o ReSolve Partners Limited  
One America Square, Crosswall, London, EC3N 2LB

(c) Insert number of resolutions enclosed that, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed are (c) three resolutions for your consideration Please indicate below whether you are in favour or against each resolution

(d) Insert address to which form is to be delivered This form must be received at (d) ReSolve Partners Limited, One America Square, Crosswall, London, EC3N 2LB

(e) Insert closing date by 12 00 hours on (e) 27 August 2015 in order to be counted It must be accompanied by details in writing of your claim unless those details have already been submitted for the purpose of a meeting of creditors Failure to do so will lead to your vote(s) being disregarded

Repeat as necessary for the number of resolutions attached

Resolution (1)

The acceptance of the Joint Administrators' proposals I am \*in favour / against

Resolution (2)

The approval of the Joint Administrators' pre-appointment time costs and expenses as detailed in **Appendix VII** and section 10 of the report and for them to be drawn, plus VAT I am \*in favour / against

Resolution (3)

The formation a creditors' committee I am \*in favour / against

If you wish to put forward a nomination for the membership of the creditors' committee, please complete the section below



For the Appointment of \_\_\_\_\_  
(name of individual)

of \_\_\_\_\_  
(company / organisation name)

representing \_\_\_\_\_  
(name of creditor)

as a member of the creditors committee

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM

Name of creditor \_\_\_\_\_

Signature of creditor \_\_\_\_\_  
(If signing on behalf of a creditor, state capacity e.g.  
director / solicitor)

If you require any further details or clarification prior to returning your votes,  
please contact me at the address above

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

Dated 10/08/15

APPENDIX IX

**Proof of Debt – General Form**

A & G PRECISION ENGINEERS LIMITED - (IN ADMINISTRATION)	
Date of administration: 27 July 2015	
1	Name of creditor (If a company please also give company registration number)
2	Address of creditor for correspondence
3	Total amount of claim, including any Value Added Tax and outstanding un-capitalised interest as at the date the company went into administration
4	Details of any documents by reference to which the debt can be substantiated (Note There is no need to attach them now but the administrators may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting).
5	If amount in 3 above includes outstanding un-capitalised interest please state amount
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)
7	Particulars of any security held, the value of the security, and the date it was given
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates
9	Signature of creditor or person authorised to act on his behalf
	Name in BLOCK LETTERS
	Position with or in relation to creditor
	Address of person signing (if different from 2 above)
<b>For Administrators' Use only</b>	
Admitted to vote for	Admitted for dividend for
£	£
Date	Date
Joint Administrator	Joint Administrator