

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company AAC Mechanical & Electrical Limited	Company number 04650515
In the High Court of Justice Chancery Division Birmingham District Registry (full name of court)	Court case number 8305 of 2016

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

I/We (a)
Ninos Koumettou
AlexanderLawsonJacobs
1 Kings Avenue
Winchmore Hill
London N21 3NA

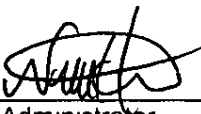
*Delete as
applicable

attach a copy of ~~*my/our~~ proposals in respect of the administration of the above company

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

(b) 26 October 2016

Signed



Administrator

Dated

26 October 2016

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 researchers of the public record

Ninos Koumettou
AlexanderLawsonJacobs
1 Kings Avenue
Winchmore Hill
London N21 3NA

DX Number DX 36953 Winchmore Hill

020 8370 7250
DX Exchange



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02/11/2016

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COMPANIES HOUSE

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

Case Admin. Samantha George

Our Ref: AA31808/NK/AG/SG

Date: 26 October, 2016

**Alexander
Lawson
Jacobs**

TO ALL KNOWN CREDITORS

Dear Sirs,

AAC Mechanical & Electrical Limited - In Administration
Unit 6 Mallow Park, Watchmead, Welwyn Garden City, AL7 1GX

I write further to my appointment as Administrator of the above named Company and to previous correspondence in this respect

I confirm that my Administrator's Proposals are now due to be issued to creditors. Please therefore be advised that this report can be downloaded directly from our website www.aljuk.com by accessing the cases section and clicking on the company name. If you would prefer to receive a hard copy of the report, please contact the case administrator


I have attached for your information a copy of the Notice of a Meeting of Creditors, which is due to be held at this office on 11 November 2016 at 2.30 pm, together with a proxy form

If you wish to lodge a claim in the administration and have not already done so, please complete and return the enclosed **Proof of Debt form** and attach any invoices / statements of account where possible

Please note that the VAT bad debt relief on supplies made may be claimed without further reference to or acknowledgement from me provided that six months have elapsed since the date of supply and the debt has been written off in your books. A guide on how to claim bad debt relief can also be downloaded from our website in the **downloads** area

If you require more information on any of the above, please contact the case administrator

Yours faithfully,
For and on behalf of
AAC Mechanical & Electrical Limited - In Administration



Ninos Koumetitou FCA, FCCA, FABRP
Administrator

(Licensed to act as an Insolvency Practitioner in the UK by
The Institute of Chartered Accountants in England and Wales)

Enc

Chartered Accountants | Corporate Recovery & Insolvency Specialists
1 Kings Avenue, Winchmore Hill, London, N21 3NA
T +44 (0) 20 8370 7250 F +44 (0) 20 8370 7251 DX 36953 Winchmore Hill
E info@aljuk.com www.aljuk.com

The affairs, business and property of a company in Administration are managed by the Administrator who acts as an agent of the company over which he is appointed at all times and without personal liability. Alexander Lawson Jacobs, ALJ and ALJUK are trading names of Alexander Lawson Jacobs Ltd. Company registered in England No 5814561. Registered office as above.



Notice of an Initial Meeting of Creditors – Administration

Para 51 Schedule B1 Insolvency Act 1986 and Rule 2 35 of The Insolvency Rules 1986 (as amended)

Registered name of Company	AAC Mechanical & Electrical Limited
Court / Court Number	High Court of Justice Chancery Division Birmingham District Registry - 8305 of 2016
Registered number	04650515
Registered office	1 King's Avenue, Winchmore Hill, London, N21 3NA
Principal trading address	Unit 6 Mallow Park, Watchmead, Welwyn Garden City, AL7 1GX
Former registered names (in previous 12 months)	Not Applicable
Trading names or styles	Mechanical & Electrical Contractors

Notice is hereby given that an initial meeting of creditors of the above named company is to be held at 1 King's Avenue, Winchmore Hill, London, N21 3NA on 11 November 2016 at 2 30 pm for the purpose of considering the Administrator's statement of proposals and to consider establishing a creditors' committee. If no creditors' committee is formed at this meeting a resolution may be taken to fix the basis of the Administrator's remuneration.

A proxy form is enclosed which should be completed and returned to Ninos Koumettou by the date of the meeting if you cannot attend and wish to be represented. In order to be entitled to vote under Rule 2 38 at the meeting, you must give to Ninos Koumettou, details in writing of your claim not later than 12.00 hours on the business day before the day fixed for the meeting.

Name of office holder	Ninos Koumettou
Office holder IP number	002240
Postal address of office holder(s)	1 Kings Avenue, Winchmore Hill, London N21 3NA
Office holder's telephone no and email address	020 8370 7250 and ninos@aljuk.com
Date of Appointment	8 September 2016
Capacity of office holder(s)	Administrator
Alternative contact for enquiries on proceedings	Samantha George

Proxy (Administration)

AAC Mechanical & Electrical Limited – In Administration

Name of Creditor _____

Address _____

Name of Proxy Holder

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

1 _____

2 _____

3 _____

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on Friday 11 November 2016, or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion)

Voting Instructions for resolutions

*Please delete as appropriate

1 For the acceptance/rejection* of the Administrator's proposals/revised proposals* as circulated

2 For the appointment of _____

of _____

representing _____

as a member of the creditors' committee

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

Remember there may be resolutions on the other side of this form

Rule 4.73 PROOF OF DEBT - GENERAL FORM

Form 4 25

**In the matter of AAC Mechanical & Electrical Limited
and in the matter of The Insolvency Act 1986**

Date of Administration 8 September 2016

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show - (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

Admitted to Vote for £

Date

Liquidator / Chairman Signed

Added to IPS (tick)	
Date	
Who by	

**AAC Mechanical & Electrical Limited ('the Company')
(In Administration)**
High Court of Justice Chancery Division Birmingham District Registry No. 8305 of 2016

***Administrator's Statement of Proposals
Pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986***

The Administrator of the Company makes the following statement in discharge of his obligations pursuant to the provisions of Schedule B1 to the Insolvency Act 1986

1. Introduction

- 1.1. This Report is addressed to all known creditors of the company and incorporates the Administrator's Proposals. These Proposals are to be considered at the creditors' meeting called pursuant to paragraph 51 of Schedule B1 of the Insolvency Act 1986 to be held at the offices of Alexander Lawson Jacobs, 1 Kings Avenue, Winchmore Hill, London, N21 3NA on Friday 11 November 2016 at 2 30pm. A formal Notice regarding the creditors meeting is attached.
- 1.2. Creditors may approve the Proposals with or without modifications, subject to the Administrator's agreement to any such modifications. If the Proposals are rejected by creditors' then a report will be sent to the High Court reporting the outcome of the same. The Court may then discharge the Administration and make consequential directions or alternatively, it may adjourn the Hearing or make some other Order as it thinks fit.
- 1.3. A proxy form and a proof of debt for your use at the meeting of creditors is also enclosed. As a creditor you can only vote if you complete and send these forms to us and your claim is admitted. I must receive your completed proof of debt by no later than noon on the business day before the day of the meeting. Whilst you can lodge a proxy at any time up to the commencement of the meeting of creditors, it would be helpful if you would do so at the same time as you lodge your proof of debt. You are not required to attend the meeting, and non-attendance will not affect your rights against the Company. Creditors whose claims are wholly secured are not entitled to vote but can attend or be represented at the meeting.
- 1.4. The meeting of creditors will be given the opportunity to appoint a creditors' committee. A committee is made up of between three and five representatives of creditors who will then meet me on a regular basis to discuss the Administration of the Company. If a committee is appointed, then it will be for them to approve pre-appointment costs and expenses and the basis of my remuneration as well as my category 2 expenses. If a committee is not appointed, then a separate resolution will be taken at the meeting to approve pre-appointment costs and expenses. The approval of my remuneration as well as my category 2 expenses will be considered as part of these Proposals, such that a resolution approving the Proposals will approve those fees.

2. Appointment and Purpose

- 2.1. On 8 September 2016, I, Ninos Koumettou of Alexander Lawson Jacobs ("ALJ") of 1 Kings Avenue, Winchmore Hill, London, N21 3NA, a licensed Insolvency Practitioner authorised to act in the UK by the Institute of Chartered Accountants in England & Wales, was appointed Administrator of the Company, further to an application made by the Company's directors, Terry Allan Smith, Michelle Pauline Smith, Gary Mark Withers and Hilary Withers, in accordance with Schedule B1 to the Insolvency Act 1986.

2.1.1. The statutory purpose of an Administration consists of a single three-tiered purpose

- (i) The first objective is to rescue the Company as a going concern which involves rescuing the Company with all or most of its business intact
- (ii) The second objective (to be considered only if the first objective is not reasonably practical or would clearly be better for creditors as a whole) is to achieve a better result for the creditors than would be obtained through an immediate winding up of the Company
- (iii) The third objective is realising property in order to make a distribution to one or more secured or preferential creditors

2.1.2. The first objective of an Administration was unlikely to be met as, without an immediate and substantial injection of working capital to cover the Company's ongoing trading expenditure, as well as its historic debts, the Company could not be rescued as a going concern. The directors had already taken the decision to cease operations in relation to the contractual building services that the Company had provided, as this element of the business had not been profitable in recent times. As such, it was considered that, whilst removing the non-profitable element of the business would enable the remaining business to continue, the directors did not believe that sufficient profits would be achieved from ongoing trade, to enable the Company to pay its historic debts, through contributions being paid into a Company Voluntary Arrangement ("CVA"), as well as ensuring all future liabilities were paid on time.

Accordingly, it was decided that this objective was therefore not viable.

2.1.3. Therefore, in this case, and for the reasons set out below, my appointment was based on the second objective, which was to 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).

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

3. Security

The register held at Companies House indicates that there was one outstanding floating charge registered against the Company at the time it entered Administration.

National Westminster Bank Plc ("NatWest") holds a Debenture, incorporating a fixed and floating charge, which was created on 20 August 2015. I can confirm that, as at the date of Administration, there was no outstanding liability due to NatWest from the Company.

4. History and Circumstances Giving Rise to the Appointment of the Joint Administrators

The business initially began trading as an Electrical Contractors in 1986 as a sole trader, under the name TAS Electrical (started by Terry Smith – an experienced electrical contractor) and then as a partnership (Terry & Michelle Smith). The business was subsequently incorporated into a limited company on 28 January 2003 and re-named The Lighthouse (Electrical Engineers) Ltd.

On 1 August 2011, the Company merged with three preferred sub-contract partners to form AAC Mechanical & Electrical Limited, and offered a complete mechanical and electrical 'turnkey service under one roof'. The partners were all established and experienced companies with expertise in the fields of Air Conditioning and Ventilation (started by Gary Withers), Plumbing and Heating (started by Gary Withers and Nick Nation (who subsequently resigned on 21 December 2012)), Fire and Security (started by Terry Smith and Les Millard (who subsequently resigned on 31 July 2015)) together with all aspects of mechanical & electrical service and maintenance.

Following the merger, the Company was funded by the cash balances held in all of the merged companies, together with a small bank overdraft of £20k. Subsequently, in August 2015 a loan of £150k was secured from Olka Breeze (UK) Ltd ("Olka Breeze"), in order to provide additional cash flow. Olka Breeze secured the funds via NatWest who, in turn, sought a debenture from the Company.

At the time of the merger, the Company also employed 19 members of staff including the directors. Roles ranged from engineers across all disciplines, administration staff, contract managers and accounts staff. At its peak, the Company employed 35 members of staff.

The Company operated from premises located in Welwyn Garden City, with 5 years of a 10 year lease remaining.

The Company provided services to the commercial and residential sector with the bulk of the trade to the commercial sector. On the commercial side, most of the work came from large main contractors on JCT type contracts. Smaller works, direct to the clients or on the residential side, mainly centred around the air conditioning side of the Company. Size of contract varied from a few hundred pounds up to £1M, depending on the type of client. Recent major contracts included

City Road – M&E design and installation for office block refurbishment - £1.07M
Union Street – M&E design & installation for new build flats - £818k
Hamilton Terrace – AC, Vent, plumbing and heating to luxury private residence - £177k
Reddington Road – M&E refurbishment of luxury house - £252k
Stonegrove – M&E refurbishment of church and community centre - £295k
Elsworthy Road – M&E refurbishment of luxury house - £605k
Melina Place – M&E refurbishment of luxury house - £240k

In January 2014, a large main contract client, A&I Construction Ltd ("A&I"), went into Administration owing the Company £135,971.11 plus a further amount of £78,517.80 in retention. Prior to this, the Company had maintained sufficient cash flow to withstand the ebb and flow of late payments. Following the demise of A&I this became much more difficult and, as a result, in August 2015 the Company required an injection of capital for cash flow purposes, which was realised from the Olka Breeze loan. No payment is expected from A&I as a result of this administration.

In March 2016, MBS Contracting Services Ltd ("MBS") also went into Administration owing the Company £127,304.54 plus a further amount of £18,331.94 in retention. This had a further severe impact on cash flow within the Company. In accordance with the latest report from the Administrators of MBS, it is expected that a dividend of 8p in the pound will be paid to unsecured creditors.

The Company experienced delays in payment from a main contractor on the City Road and Union Street projects, together with unfounded contra charges being deducted on the accounts, resulting in reductions in the valued amounts. There were issues on both sites with delays to the progress of works, which also compounded the financial problems. The contractor also owes the Company monies for design works carried out on Phase 1 of the project from 2015 of £30k plus retention.

release (these works were carried out under a separate contract)

As a result of the cash flow issues, the Company was forced to accept a reduced settlement on both projects in order to secure immediate release of payments. A final account was agreed at City Road of £920k, some £135k less than the valued amount. Likewise on the Union Street project, the Company had to agree an advanced final account of £828k, less than the predicted final account figure after variations and the Company's claim for prolongation and delays.

A further main contractor had also failed to pay the final account for the Stonegrove project, withholding £70k. The Company had to negotiate a settlement reduction of £7,800 in order to release some funds. A partial payment of £23k was received but a further £40k remains outstanding.

It became apparent in May 2016 that the Company was going to experience cash flow difficulties due to the issues at the City Road and Union Street sites, payment difficulties from Stonegrove project, delayed start on works at Hamilton Terrace, reductions in valuations amounts etc. This had been compounded by the losses experienced from MBS going into Administration. At this point the Company was looking to work its way through this and was actively looking at ways to improve the cash flow situation.

The Company made enquiries with some factoring companies, in an attempt to make available cash flow for the Company. However, the factoring companies required either payment of the existing loan and / or waiver of the Debenture from NatWest before they would offer lending. NatWest would not release the Debenture as the loan remained outstanding from Olka Breeze. Furthermore, they would not accept payment under the Company's guarantee since there had been no default on the principle debt by Olka Breeze. The result of this was that the Company could not secure a factoring facility.

The Company took steps to reduce outgoings, by agreeing in principle to sell the loss making Fire and Security side of the business for a small fee, however, this did not go through as quickly as had been hoped due to the complexities of the work involved. The Company made a number of redundancies in an effort to reduce the wage bill and to sell the excess motor vehicles realised as a result of the redundancies. The Company also agreed the reduced final accounts in an effort to increase cash flow into the business, together with the return of any goods possible to the wholesalers to reduce amounts owed.

A number of wholesalers had begun legal proceedings with numerous solicitors letters and an impending CCJ from Mitsubishi. One wholesaler advised that they were to commence winding-up procedures in early September 2016. A number of sub-contractors were also threatening legal action.

There is a further £24,624.72 due from Balfour Beatty in relation to a very overdue final account and retention release. There are other retained monies both overdue and due for release throughout the year.

The directors believe that the financial mistreatment from main contractors, relatively tight margins together with difficult trading conditions over the last few years within the construction industry, have led to the failure of the Company.

However, following our discussions and meetings with the Company's directors and, for the reasons set out below, the decision was made to place the Company into Administration and for Mr Ninos Koumettou of this firm to be the duly appointed Administrator.

5. Commencement of Involvement of Alexander Lawson Jacobs / Pre-Appointment Considerations

Alexander Lawson Jacobs was initially introduced to the Company's directors by its accountant, Mr Jeff Lerner of Conroy & Lerner Chartered Accountants. An initial meeting was subsequently held with three of the Company's four directors on 24 August 2016, whereby the Company's position and financial situation were discussed and consideration was given to the various options that were available to the Company, such as a Company Voluntary Arrangement ("CVA"), Creditors Voluntary Liquidation ("CVL") or Administration.

Following our discussions and a detailed review of the Company's financial position, it was considered that a CVA would not be viable. Given that the Company's historic liabilities were substantial, it was considered likely that a significant contribution would be required from the Company in order to make a CVA attractive to its creditors. However, as the contractual building services element of the Company had been shut down, it was believed that the remaining business, whilst profitable, would not generate sufficient funds to enable the Company to fund ongoing trade and at the same time make a requisite contribution into a CVA which would have been sufficient to make it attractive enough to achieve the support of its creditors.

Although it was possible for the Company to have entered Creditors' Voluntary Liquidation ("CVL"), in such a scenario, its assets would need to be removed, stored and sold by an agent in a forced sale scenario. As such, the assets would not have had any substantial value and any realisation of these would also have been subject to agent's fees and expenses. Furthermore, the remaining ongoing work in progress and contracts would have immediately ceased, thus giving rise to a potential claim from the contractors which could, in turn, increase the Company's liabilities. It was also considered that if the Company entered Liquidation, any value which could be attributed to both the business and goodwill would be diminished, in the event that a willing purchaser could be identified and a sale of these assets could be achieved.

It was further considered that, if a sale of the Company's business, goodwill and other assets could be achieved, this would also provide the best chance for maintaining and preserving the Company's business and goodwill. Accordingly, as the Company's directors had confirmed that they would be interested in purchasing the business, goodwill, work in progress and assets of the Company, it was considered that CVL was not the best option for the Company.

It was clear that achieving a sale of the Company's business, goodwill, work in progress and assets would be in the best interests of the Company's creditors and it was therefore considered that, for the reasons set out above, Administration would be the most favourable option for the Company, as this would ensure a maximum realisation from the sale of the Company's business, goodwill, work in progress and assets.

Whilst Administration was the favoured option for the Company, in view of the lack of available working capital that was available, it was considered that trading the business following Administration would not be possible and, as such, a sale of the Company's business, goodwill, work in progress and assets would need to be carried out as soon as possible.

Following our discussions, the Company's directors confirmed that they were agreeable to placing the Company into Administration but that they wished to discuss the options with the fourth director who was not present at the meeting.

Accordingly, the directors contacted me again on 25 August 2016 at which point they confirmed that it had been resolved by all the directors that a Notice of Intention to appoint an Administrator be filed into Court, on behalf of the directors of the Company and for Mr Ninos Koumettou of Alexander Lawson Jacobs to be appointed Administrator. My solicitors, Lewis Onions, were formally instructed to prepare the necessary documentation for this and the Notice of Intention to

appoint an Administrator was subsequently filed into Court on 26 August 2016 nominating me as the proposed Administrator. Following this, on 8 September 2016, a formal Notice of Appointment of Administrator was filed whereby I was duly appointed as Administrator of the Company.

I would confirm that I have not acted for the Company's directors / shareholders previously other than the work which was carried out advising the Company on its insolvency options and subsequently planning for the appointment of an Administrator during the 2 weeks leading up to the appointment and, as such, there was no prior relationship of any kind which prohibited me from taking this appointment.

I would also confirm that the Company's sole shareholder, AAC Building Services Group Limited entered Creditors' Voluntary Liquidation on 29 September 2016 and that I was its appointed Liquidator.

I have considered whether these circumstances created a material professional relationship with the Company which would result in a conflict in accepting the appointments and can confirm that I am happy they do not. Should this position change for any reason then the appropriate action will, of course, be taken.

6. Role of Insolvency Practitioner

As stated above, I first met with the Company's directors on 24 August 2016 to discuss and review the financial affairs of the Company. Prior to the commencement of the Administration I advised the directors, acting on behalf of the Company, about the Company's financial difficulties and provided advice about the options available to the Company to help determine an appropriate course of action to take. No advice was given to the directors regarding the impact of the insolvency of the Company on their personal financial affairs. Whilst not formally in office at that time, I was still required to act in my dealings with the Company in accordance with the Insolvency Code of Ethics.

Ultimately the Company was placed into Administration and I was appointed Administrator. As Administrator I am an officer of the Court and I have taken over the management of the Company from the director. As indicated above, the purpose of this Administration is to achieve objective 2 i.e. a better result for creditors as a whole than would be obtained through an immediate winding up of the Company.

In order to help me achieve the objective I have a wide range of powers, as set out in the insolvency legislation, and I must perform my functions as quickly and efficiently as is reasonably practicable. I must also act in the interests of the creditors of the Company as a whole other than where the third objective is being pursued i.e. realising property in order to make a distribution to one or more secured or preferential creditors where I need only ensure that I do not unnecessarily harm the interests of the creditors of the Company as a whole.

7. Statutory Information

The Company's statutory information is detailed below -

<i>Registered no</i>	04650515		
<i>Date of incorporation</i>	28 January 2003		
<i>Trading Address</i>	Unit 6, Mallow Park, Watchmead, Welwyn Garden City, Herts, AL7 1GX		
<i>Registered office</i>	1 Kings Avenue, Winchmore Hill, London, N21 3NA (formerly 42 Lytton Road, Barnet, Hertfordshire, EN5 5BY)		
<i>Principle Trading Activity</i>	Mechanical and Electrical Contractors		
<i>Authorised share capital</i>	5,000 Ordinary shares of £1 00 each		
<i>Issued share capital</i>	5,000 Ordinary share of £1 00 each		
<i>Shareholders</i>	AAC Building Services Group Limited (In Liquidation) -1,000 ordinary shares		
<i>Directors</i>	Michelle Pauline Smith (Appointed 1 August 2011) Terry Allan Smith (Appointed 3 February 2003) Gary Mark Withers (Appointed 1 August 2011) Hilary Withers (Appointed 1 August 2011)		
<i>Secretary</i>	No Secretary Appointed		
<i>Charges</i>	<i>Registered</i>		
<i>Registered</i>	27 August 2015	Contains Fixed Charge Contains Floating Charge Floating Charge covers all the Property or Undertaking of the Company Contains Negative Pledge	National Westminster Bank Plc

8 Financial Information

The Company's accounts reveal the following financial information

	<i>Year Ended 31 July 2015 (£)</i>	<i>Year Ended 31 July 2014 (£)</i>	<i>Year Ended 31 July 2013 (£)</i>
Turnover	3,377,960	3,794,290	3,739,145
Gross Profit / Loss	410,724	805,505	687,879
Net Profit / Loss	176,743	232,810	212,913
Dividends	(251,396)	(209,552)	(229,983)
Directors' Remuneration	(71,932)	(70,988)	(78,787)
Accumulated Profit & Loss Account	885	75,538	52,280
Accumulated Balance	5,885	80,538	52,282

9. Management by the Administrator since his appointment / Valuation / Marketing of the Company's Business, Goodwill and Other Assets

I can confirm that following my appointment the appropriate documents have been filed with the Court. Notice of my Appointment has been given to the Registrar of Companies and to all known creditors. Details of my appointment was also advertised in the London Gazette. These tasks are routine statutory and compliance work that are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings and whilst they do not produce any direct benefit for the creditors of the Company, they must still be carried out.

The nature of the Company's business and the general downturn in trade and problems mentioned previously, meant that it had a small number of ongoing contracts at the time it entered Administration. In the event that trading had ceased whilst the Administrator had taken steps to market and sell the business, this would have potentially resulted in claims being made by the respective contractors for breach of Contract and issues in dealing with snagging works to release retentions, which could ultimately have increased the Company's liabilities. In addition, any value attributable to the Company's goodwill and business / work in progress would have been lost or, at the very least, significantly diminished.

Despite the need to ensure continuity, as set out above, trading the Company in Administration would not have been a viable option as there was insufficient cash flow available to fund ongoing trading whilst the business was marketed for sale.

In this connection, the Company's directors confirmed that they would be willing to continue to operate the business through an associated company, AAC Service & Maintenance Limited ("S&M"), a company operated by three of the Company's four directors, as they were interested in acquiring the business in any event. Therefore, in order to preserve the Company's business / work in progress and goodwill, whilst the business was being marketed for sale, it was agreed that S&M would enter into a License Agreement with the Company. Under the terms of that License Agreement, S&M would take over the operation of the business with immediate effect following the appointment of the Administrator, on 8 September 2016, for a weekly License Fee of £1,000.

It was further agreed that during the Licence Period the Administrator would market the business for sale and that the Licensee could bid for it. In accordance with the terms of the License, S&M undertook all commitments the Company had to maintain the ongoing business / work in progress and to meet ongoing overheads, including staff costs, thereby preserving the Company's business and goodwill pending any subsequent sale. In return they were entitled to receive any income generated during the License period. I would advise that the business traded under License for a three week period, prior to a sale being concluded and, as can be seen in the attached Receipts and Payments Account, License Fees in the sum of £3,000 were subsequently received in this respect.

I can confirm that agents, Rabbow & Co, who are professionally qualified and have confirmed their independence, were appointed to carry out a valuation of the Company's business, goodwill / work in progress and assets and to actively market these assets for sale.

The agents subsequently confirmed that the Company owned various office equipment and furniture which would have a value of circa £6,055 to a willing purchaser but only £2,120 if sold on a forced sale basis. The Company also held various tools and equipment, which comprised hand tools and testing equipment that were used by service engineers. These items were of no significant value individually but had a combined value to a willing purchaser of £4,525 and £1,900 in the event of a forced sale, although it was noted that in the event of a forced sale these items would prove difficult to sell due to their low initial cost and short life span. The Company also owned various warehouse equipment and stock, comprising a gas store, a chemical store along with electrical spares and redundant air conditioning stock. The agent further confirmed that the gas store belonged to a third party, the chemical consists of a metal cabinet containing part used paints sealant and glues that are residual resulting from past work. There was also a selection of equipment i.e. threading machines and a pipe bender used for plumbing, electrical small works and a quantity of racking. The agent confirmed that these items would have a combined value of £6,000 to a willing purchaser but only £2,200 in a forced sale scenario.

The Company also held 10 vehicles on lease purchase, nine of which were recent from 2015 and, as such, there was considered to be no equity in any of these leases. The lease for the last vehicle was taken in 2014 and, as such, our agent confirmed that, in his opinion, there would be equity in this vehicle of between £1,000 and £1,800. The Company also held three cars that were held on Contract Hire and as such, these were not considered to be assets. Finally, the Company owned two vans, a Citroen Relay and a Ford Transit, that were not subject to any form of finance and were unencumbered. Six other vehicles had previously been owned by the Company but had been sold recently. My agent confirmed that, in addition, 16 of the vehicles had private number plates featuring "AAC" to match the Company's name. As such, the agent confirmed that these would have a value of £250.00 each to a willing purchaser and these were included within the valuation placed upon the Company's unencumbered assets. As such, this resulted in a total valuation being placed upon the unencumbered vehicles of £13,870 to a willing purchaser and £8,225 in respect of a forced sale.

The agent confirmed that the Company's work in progress consisted of two remaining projects. A large proportion of the work on these had already been billed but that there were invoices to raise which would provide some profit. As such, the agent confirmed that the work in progress would have a value of £2,000 to a willing purchaser but would have little or no value in a forced sale scenario.

The agents further estimated that the Company's Goodwill, which included all intangible assets such as its website, telephone numbers and any intellectual property, to have a value of £38,488 if it was sold to a willing buyer. This was calculated on the basis of the turnover of the Company, which had been £2,886,653 after deductions, for the 8-month period up to 31 March 2016. In valuing the Goodwill, the agents took into consideration the reputational damage that the Company's Administration would have inflicted on the business / goodwill, together with the fact that the Company had no security of tenure. As such, the agent valued the goodwill at a figure of

1% of turnover for one year. The agents further confirmed that the Company's Goodwill would have no value if trading ceased and a forced sale was required.

The agents further advised that there is a formal licence agreement in place with Olka Breeze which allows the use of intangible assets belonging to Olka Breeze for a royalty payment of £20,000 per annum. The transfer of this agreement would also need to be negotiated by any purchaser of the business and could, therefore, affect any offer received.

Accordingly, the agents undertook a marketing exercise in which the business was advertised on their website and a number of potentially interested parties were contacted directly. Our agents further confirmed that there was some interest and requests for further information received. This resulted in two offers being received from third parties for the sum of £37,500 and £45,000.

Creditors are advised that the Company's directors were also still interested in purchasing the Company's business, goodwill, work in progress and assets and also submitted a formal offer to our agents for the sum of £55,000. In the absence of any higher offers being received, our agents confirmed that this offer should be accepted. At the directors' request, it was agreed that the Company's Goodwill and assets, comprising its Equipment, Stock and vehicles, would be sold to AAC Projects Limited, a previously dormant company under the directorship of Terry Smith and Gary Withers, whilst its Contracts and Work in Progress would be sold to AAC Service & Maintenance Limited, an associated company, under the directorship of Terry Smith, Gary Withers and Michelle Smith, which had been trading for many years alongside the Company. Given that the sale was to be carried out to two separate parties, it was considered that the sale was subject to VAT and, as such, the final agreed sale price was therefore £55,000 plus VAT.

The proposed offer was apportioned as follows -

Fixtures, Fittings, Furniture, Equipment & Tools	£11,830
Stock in Trade / Raw Materials	£ 4,750
Vehicles (Encumbered & Unencumbered)	£15,670
Goodwill / Intellectual Property	£20,750
Contracts	£ 1
Work in Progress	£ 1,999
Total	£55,000

I would advise that a formal Sale Agreement ("SPA") has now been signed by all parties, with effect from 29 September 2016, and confirm that the deferred payments, as set out below, are supported by personal guarantees that have been provided by Terry & Michelle Smith and Gary Withers.

In accordance with the terms of the SPA, the purchasers were to collectively pay an initial lump sum of £10,000 plus VAT upon completion. The balance of £45,000 plus VAT is to be paid in 9 equal monthly instalments of £5,000 plus VAT each commencing on 31 October 2016 and payable on the last business day of each month, with the final payment to be made on 30 June 2017.

Creditors are advised that, to date, the sum of £12,500 inclusive of VAT has been received and the purchaser(s) are continuing to maintain the agreed payments.

At the time of the Company's Administration, it held credit balances in its various accounts with Santander, HSBC, Barclays and NatWest. As can be seen in the attached Receipts and Payments Account, the sum of £28,094.93 has, to date, been received in this respect.

The Company's records indicated that there was a large sum of debtors / retentions which remained outstanding and due at the time of its Administration or were to fall due for collection thereafter. In total it has been calculated that the sum of £679,306.59 remains due to the Company, £504,831.00 in relation to book debts and £174,475.59 in relation to retentions. It should be noted that the sum of £360,320.05 of the total debt relates to monies owed from various companies which have themselves entered Administration and for which the dividend prospects have not yet been finalised. Much of the remaining debts and retentions are subject to various disputes and, as such, the directors have estimated that a total of circa £112,254.40 may therefore still be collectable. I can confirm that, as shown in the attached Receipts and Payments account, outstanding book debts of £4,596.00 have, to date, been realised. I am aware of further balances that have been paid directly into the Company's account with Santander and I am currently awaiting receipt of these monies from that bank.

As can be seen in the attached Receipts and Payments Account, a small refund in the sum of £320.23 has also been received in relation to a refund that was due to the Company upon cancellation of its Motor Vehicle insurance policy.

It is proposed that the Administration should now continue for the time being to enable the Administrator to collect all sums due under the terms of the SPA and to realise the debtors / retentions, which will, in turn, ensure that the purpose of the Administration will be achieved.

10. Prescribed Part

Under the provisions of Section 176A of the Insolvency Act 1986, the Administrator must state the amount of funds available to unsecured creditors in respect of the prescribed part. This relates to a percentage of the Company's assets being set aside for the benefit of the unsecured creditors in cases where the Company gave a "floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property". A Company's net property is that left after paying the expenses of the administration and any preferential creditors, but before paying the lender who holds a floating charge. The Administrator has to set aside

a) where the Company's property does not exceed £10,000 – 50% of that property,

b) where it exceeds £10,000

i) 50% of the first £10,000 of the net property and

ii) 20% of the remaining net property up to a maximum of £600,000

In this instance, the Company gave a Floating Charge to NatWest on 20 August 2015 and the prescribed part provisions would therefore apply.

In the circumstances, whilst the Prescribed Part provisions apply, the floating charge in favour of NatWest only secures a contingent guarantee liability in relation to the loan provided by NatWest to Olka Breeze, referred to above. As such, since there has been no default on the principle liability by Olka Breeze, NatWest are not considered to be a creditor of the Company at this stage.

Accordingly, in this case, although the Statement of Affairs attached indicates that the sum of the prescribed part would ordinarily be £31,510.92, in view of the above, funds realised will be available to the Company's preferential creditors and / or unsecured creditors, subject only to the costs of the Administration.

11. Administrator's Receipts and Payments Account

I attach, at **Appendix I**, a summary of the Administrator's Receipts and Payments for the Company from the date it entered Administration to 25 October 2016

12. Creditors' Claims

The attached Statement of Affairs, at **Appendix II**, incorporates the amounts provided by the Company's directors and is accurate to the best of their knowledge and belief

The only preferential claims in the Administration are the claims which will be made by the Redundancy Payments Office and those employees whose contracts were terminated prior to the appointment of the Administrator, in respect of monies due for unpaid wages and holiday pay. It is expected that these preferential claims will be approximately £13,828.17

The Company's outstanding non-preferential unsecured creditors' claims are £1,131,138.36, per the directors' Statement of Affairs and I can confirm that, to date, we have received formal claims totalling £582,970.57

Any creditor who has yet to submit a claim is requested to do so forthwith. In this regard a Proof of Debt Form is attached at **Appendix III** for this purpose. We have also enclosed guidance notes on VAT Bad Debt relief at **Appendix IV**

13. EC Regulation on Insolvency Proceedings

We are required under the Insolvency Rules 1986 to state whether, and if so the extent, to which the above regulations apply to this Administration. In this particular case, the EC Regulation will apply and these proceedings will be main proceedings as defined in Article 3 of the EC Regulation

The Company's registered office and its trading address is in the UK and therefore, in the absence of proof to the contrary, the Company's centre of main interests is in the United Kingdom

14. Statement of Affairs

A statement as to the affairs of the Company has been prepared as at 8 September 2016. A copy of this is enclosed for creditors' information within this bundle of documents at **Appendix II**

The Statement of Affairs has been prepared from the Company records and other information available and/or provided by or on behalf of the directors. Where notes to the Statement of Affairs have also been prepared, we have not carried out any audit or detailed verification work on the information contained therein

15. Administrator's Proposals

Pursuant to Paragraph 49 of Schedule B1 of the Act, this report sets out the Administrator's Proposals for achieving the purpose of the Administration. A summary of the Proposals is at Section 2 of this report

In order to achieve the purpose of the Administration it is proposed that the Administration will continue for the time being, whilst the collection of the deferred balance due under the SPA continues and for the Company's outstanding book debts / retentions to be realised as far as possible

Once sufficient monies have been realised to ensure a dividend will be paid to the Company's unsecured creditors, then, as soon as reasonably practicable, a Notice will be filed with the Registrar of Companies (in Form 2 34B) bringing the Administration to an end and placing the Company into Creditors' Voluntary Liquidation ("CVL") and a final report will also be issued to creditors. This will enable the payment of a dividend to the Company's unsecured creditors from the funds held in the estate.

The Administrator will investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company.

The Administrator will generally do all such things and generally exercise all his powers as Administrator as he considers desirable or expedient at his 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.

16. Proposed Exit Route of Administration

The Insolvency Act 1986 and Insolvency Rules 1986 provide a variety of options regarding the possible exit routes for the Company from Administration, being primarily a Company Voluntary Arrangement, Liquidation or Dissolution of the Company. It is my recommendation and proposal that the Administrator should remain in office whilst the collection of the deferred balance due under the SPA continues and for the Company's outstanding book debts to be realised as far as possible.

Once these matters have been concluded and, if possible, any preferential dividend paid, then, as soon as reasonably practicable, a Notice will be filed with the Registrar of Companies (in Form 2 34B) bringing the Administration to an end and placing the Company into Creditors' Voluntary Liquidation ("CVL"). A final report will also be issued to creditors. This will enable the payment of a dividend to the Company's unsecured creditors from the funds held in the estate.

It is further my recommendation and Proposal that, in the event the Company enters Creditors' Voluntary Liquidation, I should be appointed Liquidator.

Should it subsequently transpire that, for any reason, the above course of action is not possible and there are insufficient funds with which to make a dividend to unsecured creditors, then I will take the necessary steps to place the Company into Compulsory Liquidation.

Under the amended provisions of the Insolvency Act 1986, there is no requirement for an additional meeting of members and creditors to be convened to place the Company into CVL or to appoint a liquidator. This is because the creditors can agree to the process and to the nominated Liquidator at the meeting to be held on Friday 11 November 2016. As a result, the move from Administration to CVL is a simple procedure.

However, creditors should note that, in accordance with paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 2 117(3) of the Insolvency Rules, they may nominate an alternative liquidator at any time after the Proposals have been received but before they are actually approved.

17 Administrator's Pre Appointment Fee

In accordance with Rule 233(2A) of the Insolvency Rules 1986, I would advise creditors that on 25 August 2016, I agreed with directors a pre-appointment fixed fee of £12,500 plus VAT. I can further confirm that this payment was received in full from the Company's funds prior to my appointment.

This payment was to cover all my work leading up to the Company's Administration, including the following:

- Meetings with the Company's directors and associated discussions
- A full review of the Company's financial position and consideration of the relevant insolvency procedure in order to maximise realisations for creditors
- Liaising with NatWest in relation to the proposed Administration and preparing a draft Statement of Affairs based on the information contained within the Company's records
- Assisting with the preparation of all necessary documents to facilitate the Company's Administration

It was essential that this work be carried out in order to determine the best way in which to manage the Company's affairs and to decide upon the appropriate course of action. In my view all actions undertaken pre-administration have ensured the best possible outcome for creditors and the achievement of the purpose of the administration i.e. a better return for creditors as a whole.

18. Administrator's Remuneration and Expenses

Creditors are advised that in this case I am seeking to fix the basis of my remuneration on more than one basis, as detailed below:

Fixed Fee Basis

There are certain tasks that we have to carry out on nearly every case, namely Administration and matters pertaining to Creditors. Although they are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, they do not produce any direct benefit for creditors, but still have to be carried out.

Administration This represents the work that is involved in the routine administrative functions of the case by the office holder and his staff, together with the control and supervision of the work done on the case by the office holders and his managers. It does not give direct financial benefit to the creditors, but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holder must follow.

Employees - The office holder needs to deal with the ex-employees in order to ensure that their claims are processed appropriately by the Redundancy Payments Office. That work will include dealing with queries received from both the ex-employees and the Redundancy Payments Office to facilitate the processing of the claims. The office holder is required to undertake this work as part of his statutory functions.

Claims of Creditors The office holder needs to maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case and to ensure that notices and reports can be issued to the creditors. The office holder will also have to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holder is required to undertake this work as part of his statutory functions.

I have reviewed my past time records and after taking into account the complexity of the Administration, concluded that a fixed fee of £30,000 plus VAT is necessary to cover that work. I am therefore seeking a fixed fee of £30,000 plus VAT for the work that has already been undertaken as well as for the following work that I will undertake. I believe that this demonstrates why the fixed fee is expected to produce an appropriate, reasonable and commensurate reflection of the work that I anticipate will be necessarily and properly undertaken. Please note that the list includes generic tasks that may not be necessary every time, but arise in a typical case and are expected to be necessary in this case. If any one task is not required it would not make a material difference to the amount of work done for which approval of the fixed fee is being sought.

Administration

- Case Planning - Devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case
- Setting up the physical / electronic case files as appropriate
- Setting up the case on the practice's electronic case management system and entering data
- Issuing the statutory notifications to creditors and others required on appointment as office holder, including gazetting the office holder's appointment (as applicable)
- Obtaining a specific penalty bond (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate)
- Preparing, reviewing and issuing Proposals to the creditors and members
- Filing the Proposals at Companies House
- Convening and holding a meeting of creditors to consider the Proposals
- Reporting on the outcome of the meeting of creditors to the creditors, Companies House and the Court
- Dealing with all routine correspondence and emails relating to the case
- Opening, maintaining and managing the office holder's estate bank account
- Creating, maintaining and managing the office holder's cashbook
- Undertaking regular bank reconciliations of the bank account containing estate funds
- Reviewing the adequacy of the specific penalty bond on a quarterly basis
- Undertaking periodic reviews of the progress of the case
- Overseeing and controlling the work done on the case by case administrators
- Preparing, reviewing and issuing 6 month progress reports to creditors and members
- Filing progress reports at Companies House
- Preparing and filing VAT returns
- Preparing and filing Corporation Tax returns
- Seeking closure clearance from HMRC and other relevant parties
- Preparing, reviewing and issuing final reports to creditors and members &, if necessary, taking the appropriate steps to place the Company into Liquidation, either Compulsory or Creditors'
- Filing final reports at Companies House

Creditors / Case Specific Matters

- Obtaining information from the case records in relation to the employee claims & updating our systems
- Corresponding with employees regarding any claims
- Completing documentation for submission to the Redundancy Payments Office and liaising with them regarding any employee claims as necessary
- Dealing with any queries raised by the Redundancy Payments Office and / or the Company's employees in relation to the claim made and payments received

- Dealing with creditor correspondence, emails and / or telephone conversations regarding their claims
- Maintaining up to date creditor information on the case management system
- Issuing a Notice of Intended Dividend and placing an appropriate gazette notice

Percentage basis:

There are certain tasks that I only have to carry out where there are assets to recover. They may produce a direct benefit for creditors, but are subject to the costs of the proceedings generally. I undertake the work to recover the assets, initially at my own cost, suffering the loss if any asset is not recoverable. If assets are recovered, I first recover my costs and then distribute any balance. I am seeking a percentage basis that I think reflects the risk that I am taking, the nature of the assets involved, the complexity of the Administration, and shares the anticipated benefit with the creditors. I am therefore seeking a fee of 20 percent of realisations for the work set out below on realisation of assets that I will undertake. Creditors are advised that, in the event agents are appointed to deal with debtor / retention collections on my behalf in due course, their fees for the work which they undertake will be deducted from this percentage, specifically in relation to those debts realised by them.

Should any further realisation of assets be required in the liquidation, which it is anticipated will follow this Administration, I intend that my fee for dealing with this as the Liquidator will continue to be fixed on the same basis, i.e. 20 percent of any further realisations.

I also propose to set a fee of 10 percent of any distributions made to both the Company's preferential and unsecured creditors, albeit from the Administration or subsequent Liquidation, to reflect the additional work on creditor claims shown below. It should be noted that the Company has preferential employee claims and a large number of unsecured creditors and, as such, if and when dividends are issued, the work which I will be required to carry out will be substantial.

However, in respect of an unsecured dividend, that amount will cover the work in this respect that will be carried out during the period of the Liquidation and will therefore be drawn by me, as Liquidator, from the funds transferred to the Liquidation in due course.

I believe that this demonstrates why the percentage proposed is expected to produce an appropriate, reasonable and commensurate reflection of the work that I anticipate will be necessarily and properly undertaken. Please note that the list includes generic tasks that may not be necessary every time, but arise in a typical case and are expected to be necessary in this case. If any one task is not required it would not make a material difference to amount of work done for which approval of the percentage is sought.

Realisation of Assets

- Liaising with my solicitors and with S&M in relation to the preparation and issue of the License Agreement
- Instructing agents to value the Company's known assets
- Liaising with the Company's various bankers regarding the closure of the bank accounts
- Liaising with my agents in relation to the offers received for the purchase of the Company's business, goodwill, work in progress and assets
- Liaising with AAC Projects Ltd and S&M in relation to the agreed sale of the Company's business, goodwill, work in progress and assets, liaising with my solicitors and the purchasers in relation to the preparation of the sale agreement
- Liaising with the Company's directors and the various finance companies with regards the vehicles which are held on finance
- Corresponding with debtors and attempting to collect the Company's outstanding book debts and retentions

Creditors

- Issuing a Notice of Intended Dividend and placing an appropriate gazette notice
- Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend
- Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims
- Liaising with the Redundancy office and employees as necessary to adjudicate and agree on the preferential and unsecured employee claims
- Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend
- Paying tax deducted from any dividends paid to employees

Time Cost basis:

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

As indicated in the fees estimates attached herewith, the following areas of work will be charged on a time cost basis:

- Investigations
- The Liquidation of the Company (excluding any further realisations that may be necessary in the Liquidation and the distributions to creditors which I anticipate to be made in the Liquidation)

More details of the tasks included in these categories are included in the fees estimates. I estimate that the total time costs that I will incur in undertaking these tasks in this case will be £7,680.00 in the Administration and £21,380.00 in the Liquidation. I have attached, at **Appendix V**, two fees estimates, one for the Administration and one for the Liquidation.

The following explains about the areas of work, which is likely to be undertaken in the Administration, for which I am seeking approval on a time cost basis, whilst full information about the work that I will undertake on a time cost basis is set out further below:

Investigations

- Recovering the books and records for the case
- Listing the books and records recovered
- Preparing a report or return in the conduct of the directors as required by the Company's Directors Disqualification Act
- Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the Bank, accountants, solicitors, etc
- Reviewing books and records to identify transactions or actions, the office holders may take against a third party in order to recover funds for the benefit of creditors

Investigations The insolvency legislation gives the office holders power to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure and also in respect of matters such as misfeasance and wrongful trading The Administrator is required by the Statements of Insolvency Practice to undertake an initial investigation in all cases to determine whether there are potential recovery actions for the benefit of creditors and the time costs recorded represent the costs of undertaking such an initial investigation If potential recoveries or matters for further investigation are identified then the Administrator will need to incur additional time costs to investigate them in detail and to bring recovery actions where necessary, and further information will be provided to creditors and approval for an increase in fees will be made as necessary Such recovery actions will be for the benefit of the creditors and the office holder will provide an estimate of that benefit if an increase in fees is necessary

The Administrator is also required by legislation to report to the Department for Business, Innovation and Skills on the conduct of the directors and the work to enable them to comply with this statutory obligation is of no direct benefit to the creditors, although it may identify potential recovery actions

More details of the tasks included in these categories are included in the fees estimates I estimate that the total time costs that I will incur in undertaking these tasks in this case will be £7,680 00

This estimate has been provided to creditors at a relatively early stage in the administration of the case and before the office holder has full knowledge of the case Whilst all possible steps have been taken to make this estimate as accurate as possible, it is based on the office holder's current knowledge of the case and their knowledge and experience of acting as office holder in respect of cases of a similar size and apparent complexity As a result, the estimate does not take into account any currently unknown complexities or difficulties that may arise during the administration of the case If the time costs incurred on the case by the office holder exceed the estimate, or is likely to exceed the estimate, the office holder will provide an explanation as to why that is the case in the next progress report sent to creditors Since the office holder cannot draw remuneration in excess of this estimate without first obtaining approval to do so, then where the office holder considers it appropriate in the context of the case, they will seek a resolution to increase the fee estimate so that they will then be able to draw additional remuneration over and above this estimate

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

I am obliged, pursuant to Statement of Insolvency Practice 9 (SIP9), to provide creditors with details relating to the time costs which have specifically been spent working on the above tasks in the Administration to date I therefore attach at **Appendix VI** a summary of my own and my firm's time costs for dealing with the tasks set out above, during the period from 8 September 2016 to 25 October 2016 wherein you will note that the time costs which have been incurred to date in relation to specific investigation matters amount to 2 6 hours which has incurred time costs of £500 and equates to an average hourly rate of £192 31

I also attach at **Appendix VII** a Creditors' Guide to Fees together with my firm's Practice Fee Recovery Policy, which provides details of the time units used and current charge out rates, relevant to this Administration I can confirm that time is charged in 6 minute units

I also propose to recover my disbursements and expenses in accordance with the rates set out in the Creditors' Guide to Fees and Practice Fee Recovery Policy. In accordance with Statement of Insolvency Practice 9 (SIP9) the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2. These are detailed in the attached Administrator's guide to fees. However, I would summarise these as follows,-

Category 1 expenses are attributed to the estate and are recoverable in full from the estate without the prior approval of creditors. This will include the cost of statutory advertising, external meeting room hire, external storage, specific bond insurance, company search fees and postage.

Category 2 expenses are incurred by the firm and recharged to the estate. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, and internal storage.

The following expenses have been incurred in relation to this matter -

Type of category 1 disbursement	Amount incurred but not paid £
Indemnity Bond	792 00
Company Search	8 00
Statutory Advertising	76 00
Postage	60 84
Room Hire (external)	0 00
Type of category 2 disbursement	
Amount incurred but not paid £	
Room Hire (internal)	0 00
Photocopying	24 96
Storage of Books and Records	0 00
Other	0 00

The approval of the basis of my remuneration and expenses, as Administrator, forms part of these Proposals for which approval is being sought, however, if a creditors' committee is appointed at the forthcoming meeting of creditors then I will seek approval from that committee instead. If the committee does not approve those fees, or it approves the fees at a level that I feel is insufficient, I may seek approval from a further meeting of creditors or failing that, from the Court.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at <https://www.r3.org.uk/what-we-do/publications/professional/statements-of-insolvency-practice/e-and-w>. Alternatively a hard copy may be requested from this office. Please note that we have provided further details in the ALJ Practice Fee Recovery Policy.

19. Agents Fees & Legal Fees

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

Professional Advisor	Nature of Work	Fee Arrangement
Rabbow & Co	Agents / Valuers – Undertaking a valuation of the Company's Business, Goodwill, Work in Progress and other assets including a full review of the financed assets & corresponding agreements	Percentage (10%) of sale price plus Disbursements & VAT
Lewis Onions	Solicitors - Legal work pertaining to the preparation of the License Agreement and subsequent Sale Agreement & liaising with the purchasers on my behalf	Time Costs plus disbursements & VAT
Leslie Keats	Agents / Chartered Surveyors – Potential instruction may be given in due course in relation to the collection of the Company's book debts and / or retentions	Time Costs / Percentage – to be agreed if required

In accordance with Rule 2 33(2A) of the Insolvency Rules 1986, we would also advise that our agents have incurred costs relating to their time spent in preparing a formal valuation of the Company's Business, Goodwill, Work in Progress and assets for the Administrator. We can confirm that our agents have not yet been paid for the work undertaken in this case. The work which was undertaken, to date, comprises attending the Company's premises as well as having various discussions with the Company's directors and then preparing a formal report and valuation as well as carrying out a full review of the Company's financed vehicles and associated agreements and liaising with all interested parties in relation to the offers which were submitted. My agents have indicated that they would charge a fee of 10% of any realisations, which is therefore estimated to be £5,500 exclusive of any disbursements and VAT.

Our solicitors have, to date, incurred costs totalling £5,310.00 plus VAT and disbursements in dealing with the preparation of the License Agreement between the Company and S&M as well as dealing with the terms of the sale of the Company's business, goodwill, work in progress and assets on behalf of the Administrator. I would advise that our solicitors have not yet been paid for the work which was undertaken, in this respect, but will be paid from the funds held in the estate in due course. I do not currently anticipate needing further assistance from my solicitors in relation to this Administration.

As stated previously, it may be the case that agents will be appointed in due course in order to assist with the collection of the Company's book debts and / or retentions. Since no formal instruction has been given to Leslie Keats, to date, and it is not yet certain which debts, if any, I am likely to require assistance to collect, it is difficult for me to provide an estimation on the likely costs that this exercise may incur. However, any future costs that may be incurred by my agent, in relation to any specific debts that are referred to them for collection, will be deducted from the 20% fee, referred to above, that would otherwise be due to me in respect of those debts.

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

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 rates to be charged have been reviewed and we are satisfied that they are reasonable in the circumstances of this case.

It is my belief that it is essential for this work to be carried out in order to ensure the best possible outcome for creditors and the achievement of the purpose of the administration i.e. A better return for creditors as a whole.

20. Administrator's Investigations

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

I am also required, under the Company Directors' Disqualification Act 1986 and related subordinate legislation, to make a return no later than three months from the date of my appointment in respect of every person who was on that date a director or shadow director of the Company, or who was a director or shadow director of the Company at any time in the three years immediately preceding that date. If you have any information, other than what I have reported upon above, which you consider may be relevant to my report you should provide me with details without delay, either on the attached questionnaire on directors' conduct at **Appendix VIII** herewith or in any other appropriate written form.

21. Members' and Creditors' Voting Rights

Creditors are entitled to vote for the amount of their debt as at the date of my appointment subject to their submission of any proxy they intend to use and written details of their debt not later than 12 noon on the business day before the day fixed for the meeting. A form of Proxy is enclosed herewith at **Appendix IX**. Creditors who have unliquidated or unascertained debts may only vote if I agree to place an estimated minimum value upon their debt for the purpose of voting entitlements. I have the right to reject any creditor's claim in whole or in part for the purpose of his or her entitlement to vote. Any creditor whose claim is so rejected has the right of appeal to the Court within 28 days. Full details of creditors' entitlement to vote, is set out in Rule 2.38, the text of which is attached at **Appendix X**.

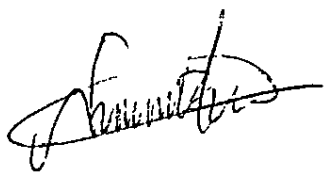
22. Further Information

I will report to creditors on the progress of the Administration, in accordance with my statutory obligations

At Alexander Lawson Jacobs we always strive to provide a professional and efficient service. However, we recognise that it is the nature of insolvency proceedings for disputes to arise from time to time. As such, should you have any comments or complaints regarding the administration of this case, then in the first instance you should contact me at the address given in this letter.

If you consider that I have not dealt with your comments or complaint appropriately, then put details of your concerns in writing to our complaints officer, Kerri Cramphorn, at this address. This will formally invoke our complaints procedure and we will endeavour to deal with your complaint under supervision of a senior partner unconnected with the appointment.

Most disputes can be resolved amicably either through the provision of further information or following negotiations. However, in the event that you have exhausted our complaints procedure and you are not satisfied that your complaint has been resolved or dealt with appropriately, you may complain to the regulatory body that licences the insolvency practitioner concerned. Any such complaints should be addressed to The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds, LS11 9DA, and you can make a submission using an on-line form available at www.gov.uk/complain-about-insolvency-practitioner, or you can email insolvency.enquiryline@insolvency.gov.uk, or you may phone 0300 678 0015 - calls are charged at up to 12p per minute from a land line, or for mobiles, between 3p and 45p per minute if you're calling from the UK.)



Ninos Koumettou FCA, FCCA, FABRP
Administrator

26 October 2016

(Licensed to act as an Insolvency Practitioner in the UK by the
Institute of Chartered Accountants in England & Wales)

**AAC Mechanical & Electrical Limited ('the Company')
In Administration**

Summary of the Administrator's Proposals

Summary of the Administrator's Proposals under Paragraph 49 of Schedule B1 to the Insolvency Act 1986

In accordance with Paragraph 49 of Schedule B1 to the Insolvency Act 1986, **Ninos Koumettou**, the Administrator of AAC Mechanical & Electrical Limited, makes the following proposals for achieving the purpose of the Administration, which came into effect on 8 September 2016

These summary Proposals and the attached report to creditors together set out the information required of the Administrator and discharges his duties pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986

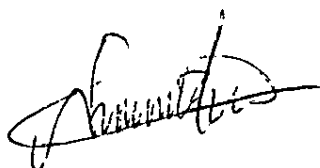
An initial meeting of the Company's creditors to consider these Proposals has been convened for Friday 11 November 2016 at 2 30pm

SUMMARY PROPOSALS

- **That** the Administrator does all such things and generally exercises all his powers in order to achieve objective 2 of the statutory purpose of an Administration,
- **That** the Administrator should remain in office whilst the collection of the deferred balance due under the SPA continues and for the Company's outstanding book debts / retentions to be realised as far as possible
- **That** once these matters have been concluded and if possible, any preferential dividend paid, then, as soon as reasonably practicable, a Notice will be filed with the Registrar of Companies (in Form 2 34B) bringing the Administration to an end and placing the Company into Creditors' Voluntary Liquidation ("CVL") A final report will also be issued to creditors This will enable the payment of a dividend to the Company's unsecured creditors from the funds held in the estate
- **That** it is further my recommendation and proposals that, in the event the Company enters Creditors' Voluntary Liquidation I should be appointed Liquidator
- **That** if it subsequently transpires that, for any reason, the above course of action is not possible then, if there are insufficient funds with which to make a dividend to the Company's unsecured creditors, it is proposed that the necessary steps will be taken to place the Company into Compulsory Liquidation
- **That** the Administrator be authorised to be remunerated on more than one basis depending upon the work being undertaken The Administrator will charge a fixed fee of £30,000, for dealing with Administration and Creditors, charge 20 percent of assets realised (subject to deduction of any agents fees charged in relation to specific debts they are appointed to collect) and 10 percent of any dividends paid to the Company's preferential creditors, together with time costs for undertaking the tasks not being remunerated on the above basis The Administrator estimates that his time costs for undertaking these other tasks will be £7,680 00 Details of the current charge out rates by grade of staff likely to be utilised on the case are outlined in our Practice Fee Recover Policy Category 1 and 2

expenses are to be fixed at the rates set out in the attached Creditor s Guide to Fees & Practice Fee Recovery Policy The Administrator s Remuneration and disbursements are to be discharged as far as possible prior to the Administrator applying for the discharge of the Administration

- **That** should a Creditors' Committee be established at the forthcoming meeting of creditors scheduled to take place on Friday 11 November 2016, the Administrator is to consult with the Committee in relation to matters concerning the conduct of the Administration and with regard to the fixing of remuneration and expenses
- **That** in the event I am appointed as the Company's Liquidator once the Company enters Liquidation, I be authorised to be remunerated on more than one basis depending upon the work being undertaken As Liquidator, I will charge 20 percent of any further assets realised during the course of the Liquidation (subject to deduction of any agents fees charged in relation to specific debts they are appointed to collect) and 10 percent of monies distributed to preferential and unsecured creditors, together with time costs for undertaking the tasks not being remunerated on the above basis The Liquidator estimates that his time costs will be £21,380 00



Ninos Koumettou FCA, FCCA, FABRP
Administrator

(Licensed to act as an Insolvency Practitioner in the UK by the
Institute of Chartered Accountants in England & Wales)

26 October 2016

APPENDIX I

Administrator's Receipts and Payments Account for the period 8 September 2016 to 25 October 2016

AAC Mechanical & Electrical Limited
(In Administration)
Administrator's Abstract of Receipts & Payments

Statement of Affairs		From 08/09/2016 To 25/10/2016
	SECURED ASSETS	
NIL	Goodwill / Intellectual Property	3,929 93
		<u>3,929 93</u>
	SECURED CREDITORS	
NIL	National Westminster Bank	NIL
		<u>NIL</u>
	HIRE PURCHASE	
73,135 68	Motor Vehicles held under Finance	1,800 00
(72,135 68)	Lombard North Central Plc	NIL
		<u>1,800 00</u>
	ASSET REALISATIONS	
Uncertain	Unlisted Investment	NIL
1,900 00	Plant & Machinery	611 48
2,120 00	Office Equipment, Furniture & Fixtures	818 24
8,225 00	Unencumbered Motor Vehicles	1,167 80
2,200 00	Stock & Equipment	810 81
NIL	Work In Progress / Contracts	1,278 41
73,078 10	Book Debts	4,596 00
Uncertain	Prepayments	NIL
	Contracts	NIL
39,176 30	Retentions	NIL
	Petty Cash	NIL
27,607 96	Cash at Bank - Santander Bank Plc	27,607 96
324 56	Cash at Bank - HSBC Bank Plc	324 56
162 41	Cash at Bank - Barclays Bank Plc	162 41
13 43	Cash at Bank - Nat West Bank Plc	NIL
575 00	Employee Loans	NIL
NIL	AAC Building Services Group Ltd (In Li	NIL
	Insurance Refund	320 23
	Licence Fees	3,000 00
		<u>40,697 90</u>
	PREFERENTIAL CREDITORS	
(13,828 17)	Employees - Arrears / Holiday Pay	NIL
		<u>NIL</u>
	UNSECURED CREDITORS	
(622,843 34)	Trade & Expense Creditors	NIL
(26,169 96)	Employees - Redundancy / Pay In Lieu	NIL
(21,540 05)	AAC Service & Maintenance Ltd	NIL
(234,987 01)	HMRC - PAYE/NIC/VAT/CIS/CT	NIL
(25,142 00)	Terry & Michelle Smith - Directors	NIL
(20,683 00)	Gary & Hilary Withers - Directors	NIL
(179,773 00)	Olka Breeze Ltd	NIL
		<u>NIL</u>
	DISTRIBUTIONS	
(5,000 00)	Ordinary Shareholders	NIL
		<u>NIL</u>

(1,016,407 51)

46,427 83

REPRESENTED BY

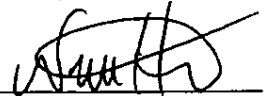
Bank 1 Current
Vat Payable

48,511 16
(2,083 33)

46,427 83

Note

All sums shown are net of any VAT Any VAT payable, recoverable or suffered is disclosed separately



Ninos Koumettou
Administrator

AAC Mechanical & Electrical Limited
Statement Of Affairs as at 8 September 2016

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £	
Assets subject to fixed charge			
Goodwill / Intellectual Property	20,000 00	NIL	
National Westminster Bank		NIL	
		NIL	NIL
Motor Vehicles held under Finance	91,785 62	73,135 68	
Lombard North Central Plc		(72,135 68)	
		1,000 00	1,000 00
Assets subject to floating charge			
Unlisted Investment	1,000 00		Uncertain
Plant & Machinery	961 64		1,900 00
Office Equipment, Furniture & Fixtures	17,898 41		2,120 00
Unencumbered Motor Vehicles	16,990 00		8,225 00
Stock & Equipment	22,200 00		2,200 00
Work In Progress / Contracts	6,058 11		NIL
Book Debts	504,831 00		73,078 10
Prepayments	15,897 76		Uncertain
Retentions	174,475 59		39,176 30
Cash at Bank - Santander Bank Plc	27,607 96		27,607 96
Cash at Bank - HSBC Bank Plc	324 56		324 56
Cash at Bank - Barclays Bank Plc	162 41		162 41
Cash at Bank - Nat West Bank Plc	13 43		13 43
Employee Loans	685 00		575 00
AAC Building Services Group Ltd (In Liq)	11,404 00		NIL
Uncharged assets			
Estimated total assets available for preferential creditors			156,382 76

Signature _____ Date _____

AAC Mechanical & Electrical Limited
Statement Of Affairs as at 8 September 2016

A1 - Summary of Liabilities

		Estimated to Realise £
Estimated total assets available for preferential creditors (Carried from Page A)		156,382 76
Liabilities		
Preferential Creditors -		
Employees - Arrears / Holiday Pay	13,828 17	13,828 17
Estimated deficiency/surplus as regards preferential creditors		142,554 59
Debts secured by floating charge pre 15 September 2003		
Other Pre 15 September 2003 Floating Charge Creditors		NIL
		142,554 59
Estimated prescribed part of net property where applicable (to carry forward)		31,510 92
Estimated total assets available for floating charge holders		111,043 67
Debts secured by floating charges post 15 September 2003		
		NIL
Estimated deficiency/surplus of assets after floating charges		111,043 67
Estimated prescribed part of net property where applicable (brought down)		31,510 92
Total assets available to unsecured creditors		142,554 59
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade & Expense Creditors	622,843 34	
Employees - Redundancy / Pay In Lieu	26,169 96	
AAC Service & Maintenance Ltd	21,540 05	
HMRC - PAYE/NIC/VAT/CIS/CT	234,987 01	
Accruals	Uncertain	
Terry & Michelle Smith - Directors	25,142 00	
Gary & Hilary Withers - Directors	20,683 00	
Olka Breeze Ltd	179,773 00	
		1,131,138 36
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)		(988,583 77)
Estimated deficiency/surplus as regards creditors		(988,583 77)
Issued and called up capital		
Ordinary Shareholders	5,000 00	5,000 00
Estimated total deficiency/surplus as regards members		(993,583 77)

Signature _____ Date _____

AlexanderLawsonJacobs
AAC Mechanical & Electrical Limited
B - Company Creditors

Key	Name	Address	£
CA00	Andrew Downes t/a AD Controls	14 Rochelle Way, Duston, Northampton, NN5 6YW	2,800 00
CA01	A D Higgs	30 Coronation Close, GT Waking, SS3 0JG	500 00
CA02	Advanced Access Ltd	Unit 1B, Spinney View, Stine Circle Road, Round Spinney, Northampton, NN3 8RF	407 56
CA03	Airdale International Air	Leeds Road, Rawdon, Leeds, LS19 6JY	1,744 80
CA04	Anthony J Perry t/a AJP Air Conditioning Service	23 Vauxhall Road, Hemel Hempstead, Herts, HP2 4HP	3,125 00
CA05	The Albion Bath Co Ltd	The Factory, High Birch Road, Weeley Heath, Essex, CO16 9BU	286 00
CA06	Alkim Electrical 2000 Ltd	81 Eastwood Drive, Highwoods, Colchester, CO4 9EB	3,720 00
CA07	All Electrical Distributors	34 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DD	11,564 76
CA08	AMP Air Conditioning Ltd	Blenheim House, Blenheim Court, Brownfields, Welwyn Garden City, Herts, AL7 1AD	15,000 00
CA09	Oliver Ashworth Ltd	Neachelles Lane, Wednesfield, Wolverhampton, WV11 3QF	1,904 08
CA0A	AAC Service & Maintenance Limited	Unit 6 Mallow Park, Watchmead, Welwyn Garden City, Herts, AL7 1GX	21,540 05
CA0B	Airwoolf Air Conditioning Ltd	Laynes House, 526-528 Watford Way, London, NW7 4RS	3,600 00
CA0C	All Trades London Ltd	41 Clinton Road, London, E3 4QY	1,228 80
CB00	The British Electrical MFG Co Ltd t/a BEMCO	PO BOX 28D, Clavering Court, Clavering Place, Newcastle Upon Tyne, NE1 3NG	5,895 00
CB01	Bennington Green Ltd	The Pagoda, 30 Avenue Road, Bournemouth, BH2 5SL	9,494 05
CB02	BSS Group PLC	1 Trojan Court, Laporte Way, Luton, Beds, LU1 3LU	7,792 49
CC00	Carrier Air Conditioning Ltd	Porsham Close, Belliver Ind Est, Roborough, Plymouth, Devon, PL6 7DB	1,758 70
CC01	Charge Electrical Wholesaler Ltd	Unit 3, Fiddlebridge Ind Est, Lemsford Road, Hatfield, Hertfordshire, AL10 0DE	3,984 28
CC02	Chargemaster PLC	750 Mulberry House, Capability Green, Luton, Bedfordshire, LU1 3LU	243 89
CD00	Daikin East Ltd	The Heights, Brooklands, Weybridge, Surrey, KT13 0NY	0 00
CD01	Designed For Sound Ltd t/a Veltem	61-67 Rectory Road, Wivenhoe, Essex, CO7 9ES	1,523 02
CD02	Diamond Drilling (Hitchin) Ltd	5-7 Wallace Way, Hitchin, Herts, SG4 0SE	720 00
CE00	Easthill Faraday Limited	Unit 1, Martinfield Business Centre, Welwyn Garden City, Hertfordshire, AL7 1GX	34,948 80
CE01	Elmec Maintenance Services	21 Broadway, Broadway Business Park, Chadderton, Oldham, OL9 9XA	390 00
CE02	Encris Plumbing and Heating Ltd	43 Stapleford Road, Luton, LU2 8AY	2,352 00
CE03	Enson Harulla	45 St Leonards Road, Horsham, West Sussex, RH13 6EH	2,944 00
CE04	Environ Acoustic Technologies	Unit 6 Grange Farm, Tadlow Road, Wrestlingworth, Bedfordshire, SG19 2HE	2,185 75
CE05	Edmundson Electrical Ltd	11-13 Scott Road, Luton, Beds, LU3 3BF	6,569 79
CE06	Expression Media Ltd	18 Wharncliffe Close, Hadfield, Derbyshire, SK13 1QE	2,094 00
CE07	Egatech Ltd	34 Thurlow Park Road, London, SE21 8JA	6,650 00

Signature

AlexanderLawsonJacobs
AAC Mechanical & Electrical Limited
B - Company Creditors

Key	Name	Address	£
CF00	Tristan Francis	15 Bridge Court, Hillside Road, Harpenden, Herts, AL5 4DH	630 00
CG00	Good Idea S R O	K Cementame 234/6, 153 00 Praha, Czech Republic	5,393 91
CG01	Goodwater Ltd	23-24 Ivanhoe Road, Hogwood Lane Ind Est, Finchamstead, Wokingham, Berks, RG40 4QQ	11,244 00
CG02	G Pasquaniello	26 Loring Road, Whetstone, London, N20 0UH	976 00
CG03	Jewson Ltd t/a Graham	C/O Begbies Traynor (SY) LLP, Kendal House, 41 Scotland Street, Sheffield, S3 7BS	65,967 70
CG04	Gary Withers		10,205 00
CH03	HMRC - (EIS) (VAT/PAYE/NIC/CT/CIS)	Enforcement & Insolvency Service (EIS) Worthing, Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4SE	234,987 01
CH04	Home Extension Designs	60 Bridge Road East, Hedhouse, Welwyn Garden City, Hertfordshire, AL7 1JU	942 00
CH05	Holloways of Ludlow Ltd	121 Shepherds Bush Road, Brook Green, London, W6 7LP	2,177 64
CH06	Hutch M&E Ltd	14 Embassy Court 24 Ingls Road, Ealing, London, W5 3RL	1,036 30
CH07	Hilary Withers		10,478 00
CJ00	Jensen Consulting Ltd	7 Paynes Park, Hitchin, SG5 1EH	1,953 00
CJ01	Judd Consulting (UK) Ltd	71 High Street, Wheathampstead, St Albans, AL4 8DA	3,994 80
CK00	K B Wilde Consulting Ltd	Unit 2 Botley Lane, Chesham, Bucks, HP5 1XS	2,040 00
CL00	Lombard North Central Plc	PO Box 520, Rotherham, S63 3BR	72,135 68
CL01	Louremax	Environ Acoustic Technologies Ltd, Unit 6 Grange Farm, Tadlow Road, Wrestlingworth, Bedfordshire, SG19 2HE	2,809 76
CL02	ALD Automotive Ltd t/a Lombard Vehicle Solutio	Oakwood Park, Lodge Causeway, Fishponds, Bristol, BS16 3JA	0 00
CM00	Mitsubishi Electric Europe BV	LES Credit Team, Credit Dept, Travellers Lane, Hatfield, Herts, AL10 8XB	30,910 52
CM01	Mercedes-Benz Finance	Tongwell, Milton Keynes, MK15 8BA	0 00
CN00	National Westminster Bank	Hendon Central Circus, 5 Central Circus, Hendon, London, NW4 3LA	0 00
CN01	Nick Nation	Security Given Debenture incorporating Fixed & Floating Charge Date Given 20/08/2015	4,368 00
CN02	National Security Inspectorate	33 Birklands Park, London Road, St Albans, Herts, AL1 1TS	907 20
CO00	Olka Breeze (UK) Limited	Sentinel House, 5 Reform Road, Maidenhead, SL6 8BY	0 00
CO01	Oakley Plumbing & Central Heating	42 Lytton Road, Barnet, Herts, EN5 5BY	4,115 00
CO02	Olka Breeze (UK) Ltd	Fairfield House, 40 Morton Road, Pilsley, Chesterfield, Deryshire, S45 8EF	179,773 00
CO03	Options Joinery	Unit 6 Mallow Park, Watchmead, Welwyn Garden City, Herts, AL7 1GX Unit 1/Cadwell Lane, Hitchin, Herts, SG4 0SA	3,120 00

Signature _____

AlexanderLawsonJacobs
AAC Mechanical & Electrical Limited
B - Company Creditors

Key	Name	Address	£
CQ00	Quinn London Ltd (Disputed)	Dome House, 8 Hartley Avenue, Mill Hill, London, NW7 2HX	1 00
CR00	The National Insurance Fund	PO Box 16685, BIRMINGHAM, B2 2LX	0 00
CR01	RDS Mechanical & Electrical Ltd	The Counting House, High Street, Tring, Hertfordshire, HP23 5TE	2,070 00
CR02	Rodells Ltd	Cell Barnes House, Cell Barnes Lane, St Albans, Herts, AL1 5AS	5,970 00
CR03	Rotary Insulation Services	11 Priors Way, Coggeshall Industrial Park, Coggeshall, Essex, CO6 1TW	4,544 00
CS00	HSBC Invoice Finance (UK) Ltd	Farncombe Road, Worthing, West Sussex, BN11 2BW	42,494 79
CS01	Simon Hodgson HVAC Commissioning	45 Rose Green Road, Rose Green, West Sussex, PO21 3ES	3,000 00
CS02	Smart Merchants	Unit 4, Unit 4, Priory House, Mimram Road, Hertford, Herts, SG14 1NN	23,259 95
CS03	SM Contracts Ltd	Pepys Court, 84-86 The Chase, London, SW4 0NF	11,243 36
CS04	Smith Brothers Stores Ltd	C/O Euler Hermes Collections, Uk Branch Registration, 1 Canada Square, London, E14 5DX	19,896 79
CS05	Specialist Instrument Services	Unit C, The Frenbury Estate, Hellesdon Park Road, Norwich, NR6 5DP	50 40
CS06	Square Mile Broking	Premier House, Sydenham Road, Croydon, CR0 2EE	9,052 36
CS07	Storm IT	42 Lytton Rd, New Barnet, EN5 5BY	3,300 00
CS08	Michelle Smith		14,222 00
CS09	Terry Smith		10,920 00
CS0A	SIG Trading Ltd		0 00
CS0B	The Shore Group (UK) LLP	C/O Begbies Traynor (SY) LLP, Kendal House, 41 Scotland Street, Sheffield, S3 7BS	0 00
CT00	TEK Limited	Heversham House, 19 Boundary Road, Hove, BN3 4EF	0 00
CT01	HSBC Invoice Finance (UK) Limited	Seeleys Road, Greet, Birmingham, B11 2LQ	480 00
CT02	Travis Perkins Trading Co Ltd	Farncombe Road, Worthing, West Sussex, BN11 2BW	12,621 06
CT03	TV Licensing	Sales Ledger, PO BOX 5227, Northampton, NN5 7ZE	0 00
CT04	The Electric Company (UK) Ltd	TV Licensing, Darlington, DL98 1TL	0 00
CU00	UK Dry Risers Ltd	Devonshire House, Manor Way, Borehamwood, WD6 1QQ	8,400 00
CU01	UKS Group Ltd	Unit 1, Bridge Trading Estate, Bolton Road, Bury, BL8 2AQ	3,120 00
CU02	Uponor Building Energy	1-3 Dixon Road, Brislington, Bristol, BS4 5QY	25,017 20
		Unit 1, Skelmanthorpe Technology Park, Station Road, Skelmanthorpe, Huddersfield, HD8 9GA	55,355 77
CW00	West One Bathrooms Ltd	44-48 Clarkenwell Road, London, EC1M 5PS	10,383 50
CW01	Rexel UK Ltd t/a WF Senate	Cleveland Way, Hemel Hempstead, Herts, HP2 7DL	52,654 74
CW02	Welwyn Hatfield Council	The Campus, Welwyn Garden City, Hertfordshire, AL8 6AE	0 00

Signature

Page 3 of 4

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26 October 2016 16:21

AlexanderLawsonJacobs
AAC Mechanical & Electrical Limited
B - Company Creditors

Key	Name	Address	£
CW03	Euler Hermes UK	1 Canada Square, London, E14 5DX	2,694 94
CW04	Wolseley UK Ltd	The Wolseley Centre, PO Box 32, Ripon, North Yorkshire, HG4 1UY	28,397 91
CW05	W R Sharnbrook Services Ltd	Lime Trees, Rectory Close, Buckland, Buntingford, Herts, SG9 0PT	16,888 62
CY00	Your Electrical Supplies	YESSS Enfield, Unit 6 Lumina Way, Lincoln Road, Enfield, EN1 1SW	3,934 35
EA00	Mr Jack Anderson	43 Coningsby Drive, Potters Bar, Hertfordshire, EN6 5QF	3,844 35
EA01	Mr James Adams	7 Woodland Place, Hemel Hempstead, Hertfordshire, HP1 1RD	2,745 05
EB00	Mr James Peter Birch	2 Merrow Drive, Hemel Hempstead, Hertfordshire, HP1 2LZ	1,038 49
EC00	Mr Neil A Collins	10 Whitehicks, Letchworth Garden City, Hertfordshire, SG6 4PZ	4,525 95
EG00	Mr Jeffrey Groom	3 Allen Road, Lowestoft, Suffolk, NR32 3PD	8,175 72
EH00	Mr Tom Hicks	50 Cedar Walk, Hemel Hempstead, Hertfordshire, HP3 9ED	817 18
EK00	Mr Darren Kinsella	25 Berwick Place, Welwyn Garden City, Hertfordshire, AL7 4TU	2,853 10
EM00	Mr Simon Maurice	8 Campfield Road, Hertford, SG14 2AA	372 69
EM01	Mr Jack McMahon	29 Harvey Road, London Colney, St Albans, AL2 1NA	3,081 52
ES00	Mr John Strongitharm	47B Anson Road, Willesden Green, London, NW2 3UY	3,354 81
ET00	Mr Mark J Taylor	4 St Chads Road, Chadwell Heath, Romford, Essex, RM6 6JB	9,189 27
99 Entries Totalling			1,217,102.21

Signature _____

Rule 4.73 PROOF OF DEBT - GENERAL FORM

Form 4.25

In the matter of AAC Mechanical & Electrical Limited
and in the matter of The Insolvency Act 1986

Date of Administration 8 September 2016

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show - (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

Admitted to Vote for £

Date

Liquidator / Chairman Signed

Software Supplied by Turnkey Computer Technology Limited, Glasgow

Added to IPS (tick)	
Date	
Who by	

BAD DEBT RELIEF-EXPLANATORY NOTES

1 Entitlement to claim refund of VAT

1 1 If you are an unpaid creditor of the Company, you are entitled to claim a refund of value added tax ('VAT') paid in relation to a supply to the Company if

- (a) your supply was of goods or services and for a monetary consideration,
- (b) the supply was made on or after 1 April 1989,
- (c) the value of the supply did not exceed its open market value,
- (d) in the case of a supply of goods, the property in the goods has passed to the Company,
- (e) you have accounted and paid VAT on the supply,
- (f) you have written off all or part of the consideration as a bad debt in your accounts,
- (g) a period of one year has elapsed since the time of supply or, if the supply was made on or after 1 April 1992, a period of six months has elapsed since the time of supply,
- (h) you have not already made a claim for bad debt relief, and
- (i) you make a claim for a VAT refund to the Commissioners of Customs and Excise

1 2 If you wish to make such a claim, you must include the correct amount of the refund opposite the legend 'VAT reclaimed in this period on purchases and other inputs' on your tax return (i.e. Form VAT 100 or Form VAT 193) unless the Commissioners of Customs and Excise have allowed or directed otherwise. If, however, you are no longer required to make returns at the time when you become entitled to a refund because you have been deregistered, a claim must be made in such form and manner as the Commissioners may direct.

1 3 Before making a claim, you must (unless the Commissioners have allowed otherwise) hold the following documents in respect of each taxable supply upon which the claim is based

- (a) a copy of any tax invoice provided or, if there was no obligation to provide a tax invoice, a document which shows the time, nature and purchaser of the supply and the consideration for it,
- (b) records or any other documents showing that you have accounted for and paid the tax due on the supply, and
- (c) records or any other documents showing that the consideration has been written off in your accounts as a bad debt

2 Writing off a bad debt in the accounts

2 1 The whole or any part of the consideration for a supply is taken to have been written off as a bad debt when an entry is made in relation to that supply in the Refunds for Bad Debts Account. This applies whether or not a claim can be made in relation to that supply at that time.

2 2 The consideration written off in your accounts must be reduced by

- (a) any amount of money which you owe to the purchaser which can be set off, and
 - (b) the value of any enforceable security held by you in relation to the purchaser.
- 'Security' for this purpose means
- (a) in relation to England, Wales and Northern Ireland, any mortgage, charge, lien or other security, and
 - (b) in relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and right of retention (other than a right of compensation or set-off)

3 Refunds for Bad Debts Account

If you make a claim for a VAT refund, you must keep a record of that claim in a single account known as the Refunds for Bad Debts Account. This record must show the following information in respect of each claim unless the Commissioners allow otherwise

- (a) the outstanding amount to which the claim relates,
- (b) the amount of the claim,
- (c) the prescribed accounting period in which the claim was made, and
- (d) the following information in respect of each taxable supply upon which a claim is based:
 - (i) the amount of VAT chargeable,
 - (ii) the prescribed accounting period in which the VAT chargeable was accounted for and paid to the Commissioners,
 - (iii) the date and number of any tax invoice issued in relation to the supply or, if there was no such invoice, such information as is necessary to identify the time, nature and purchaser of the supply, and
 - (iv) any payment received for the supply

4 Preservation of documents and records and duty to produce

4 1 Unless the Commissioners allow otherwise, you must preserve the documents, invoices and records required to support your claim for a period of four years from the date of making the claim.

4 2 Upon demand made by an authorised person, you must produce or cause to be produced any of the documents, invoices and records supporting your claim for inspection by that person and you must permit him to remove them at a reasonable time and for a reasonable period.

5 Calculation of the outstanding amount

5 1 You are entitled to a refund of VAT chargeable by reference to the 'outstanding amount' This is determined as follows

- (a) if no payment has been received at the time when a claim is made an amount equal to the consideration written off, or
- (b) if one or more payments have been received at the time when a claim is made, the amount by which the consideration written off exceeds the payment (or the aggregate of the payments) received

5 2 If you have made two or more supplies (whether taxable or otherwise) to the Company, and a payment has been received in relation to those supplies, the following rules apply for attributing payments to each such supply

- (a) first, a payment is attributed to a specific supply if a payment was allocated to that supply by the Company at the time of payment and the consideration for that supply was paid in full,
- (b) secondly, any other payment is attributed to the supply which is earliest in time and, if not wholly attributed to that supply, the balance is attributed to supplies in chronological order, and
- (c) if the earliest supply and the other supplies to which the whole payment could be attributed occur on one day, or if the supplies to which the balance of the payment could be attributed occur on one day, the payment is attributed to those supplies in ratio to the outstanding consideration for each supply

6 Repayment of amounts refunded

6 1 If you have received a VAT refund following a claim, you must make a repayment to the Commissioners if

- (a) you receive a payment in respect of the taxable supply upon which your claim was based, or
- (b) you receive a payment in respect of two or more supplies and all or part of it is attributed to one or more supplies upon which your claim was based

6 2 The amount to be repaid is calculated as follows

$$\frac{A}{-x C} B$$

where

A is the amount received or attributed to a taxable supply on which the claim was based,

B is the amount of the outstanding consideration, and

C is the amount of the refund or, if a payment has subsequently been received, the balance thereof

6 3 A repayment is to be made by including the amount concerned opposite the legend 'VAT due in this period on sales and other outputs' on your VAT return (i.e. Form VAT 100 or Form VAT 193) for the prescribed accounting period in which the payment is received. If, however, you are no longer required to make returns at the time when you are required to make a repayment because you have been deregistered, a repayment is to be made at such time and in such form and manner as the Commissioners may direct

6 4 You are also required to make a repayment to the Commissioners (unless they allow otherwise) if you fail to comply with the requirements relating to

- (a) the evidence required to be held before a claim is made,
- (b) the Refunds for Bad Debts Account,
- (c) the preservation and production of documents and records, or
- (d) the attribution of payments

7 Assessment

In any case where an amount has been paid or credited to you as being a VAT refund for any prescribed accounting period, the Commissioners may assess

- (a) the amount which ought not to have been paid or credited,
- (b) the amount which would not have been paid or credited if the facts had been known, or
- (c) the amount which would not have been paid or credited if the facts had been as they later turn out to be

8 Appeal

An appeal lies to a VAT tribunal against a decision of the Commissioners with respect to

- (a) a claim for a VAT refund, and
- (b) an assessment, or the amount of an assessment in respect of a period for which a return has been made

FEES ESTIMATE SUMMARY (ADMINISTRATION)

Case name AAC Mechanical & Electrical Limited

The office holder is seeking to be remunerated on a time cost basis for the categories of work to be undertaken on the case that are set out below. We use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform, recording time spent in 6 minute units. Narrative is recorded to explain the work undertaken and the time spent is analysed into different categories of work. This document provides an estimate as to how much time the office holder and his staff will spend undertaking specific tasks within broad categories of work and the time costs of undertaking such work, which will depend upon the grade or grades, of staff undertaking the work and the number of hours spent undertaking the work by each grade of staff.

The estimated time that will be spent undertaking the work in each category of work has been multiplied by the applicable charge out rate for each member of staff that it is anticipated will undertake work in that category to arrive at the estimated total time costs attributable to that category of work on the case. We have then divided that estimated total by the estimated number of hours to arrive at what is known as a blended hourly charge out rate for that category of work. The sum of all the estimates for the different categories of work is the total estimated time costs to undertake all the necessary work on the case. Again, we have then divided that estimated total by the estimated number of hours to arrive at a blended hourly charge out rate for the case as a whole.

The hourly charge out rates that will be used on this case are	£		
Partner – appointment taker	400 00		
Senior Manager	N/A		
Manager	300 00		
Supervisor/Senior Administrator	250 00		
Case Administrator	105 00		
Cashier	250 00		
Support staff	105 00		
INVESTIGATIONS (Note 2)			
Note: The office holder is to be remunerated for undertaking this work on a time cost basis.			
Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Recovering the books and records for the case	1 00	250 00	
Listing the books and records recovered	2 00	500 00	
Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act (delete if not applicable)	6 00	1 725 00	
Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties such as the bank, accountants, solicitors, etc.	5 50	1 600 00	
Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors	13 50	3,605 00	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
Total	28 00	£7 680 00	£274 29
The blended rate is slightly lower than the average blended rate for the case as a whole due to the grade of staff and therefore the charge out rates used.			

TRADING (Note 3)

Note The office holder is to be remunerated for undertaking this work on a time cost basis

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Obtaining appropriate information about the business and preparing a business plan and cash flow forecasts	-	-	
Arranging suitable insurance for the business	-	-	
Setting up suitable systems and controls in respect of purchases and sales for the business	-	-	
Liaising with staff and trade unions	-	-	
Setting up a new RTI registration for the business with HMRC and submitting relevant information in respect of wages and salaries paid	-	-	
Monitoring and controlling the day to day trading of the business	-	-	
Monitoring compliance with Health and Safety obligations in respect of the business	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
Total	0 00	£0 00	#DIV/0!

The blended rate is slightly higher than the average blended rate for the case as a whole due to the grade of staff and therefore the charge out rates used

CREDITORS (Note 4)

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Issuing a notice of intended dividend and placing an appropriate gazette notice	-	-	
Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend	-	-	
Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims	-	-	
Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend	-	-	
Paying tax deducted from the dividends paid to employees	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
Total	0 00	£0 00	£0 00

Payment in relation to the work on the above matters is being sought on a percentage basis and recovery is not being sought from the estate on a time costs basis

CASE SPECIFIC MATTERS

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
-	-	-	
Total	0 00	£0 00	£0 00

It is not anticipated that there will be any matters arising that are not covered by the other categories for which I am seeking to fix the basis of my remuneration

GRAND TOTAL FOR ALL CATEGORIES OF WORK

28 00 £7,680 00 £274 29

Explanatory Note This estimate has been provided to creditors at an early stage in the administration of the case and before the office holder has full knowledge of the case. Whilst all possible steps have been taken to make this estimate as accurate as possible, it is based on the office holder's current knowledge of the case and their knowledge and experience of acting as office holder in respect of cases of a similar size and apparent complexity. As a result, the estimate does not take into account any currently unknown complexities or difficulties that may arise during the administration of the case. If the time costs incurred on the case by the office holder exceed the estimate or is likely to exceed the estimate, the office holder will provide an explanation as to why that is the case in the next progress report sent to creditors. Since the office holder cannot draw remuneration in excess of this estimate without first obtaining approval to do so, then where the office holder considers it appropriate in the context of the case, they will seek a resolution to increase the fee estimate so that they will then be able to draw additional remuneration over and above this estimate.

Note 2 Investigations - The insolvency legislation gives the office holder powers to take recovery action in respect of what are known as antecedent transactions where assets have been disposed of prior to the commencement of the insolvency procedure (and also in respect of matters such as misfeasance and wrongful trading). The office holder is required by the Statements of Insolvency Practice to undertake an initial investigation in all cases to determine whether there are potential recovery actions for the benefit of creditors and the time costs recorded represent the costs of undertaking such an initial investigation. If potential recoveries or matters for further investigation are identified then the office holder will need to incur additional time costs to investigate them in detail and to bring recovery actions where necessary, and further information will be provided to creditors and approval for an increase in fees will be made as necessary. Such recovery actions will be for the benefit of the creditors and the office holder will provide an estimate of that benefit if an increase in fees is necessary.

The office holder is also required by legislation to report to the Department for Business, Innovation and Skills on the conduct of the directors and the work to enable them to comply with this statutory obligations is of no direct benefit to the creditors, although it may identify potential recovery actions.

Note 3 Trading -

Note 4

FEE ESTIMATE SUMMARY (LIQUIDATION)

Case name AAC Mechanical & Electrical Limited

The office holder is seeking to be remunerated on a time cost basis. We use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform, recording time spent in 6 minute units. Narrative is recorded to explain the work undertaken and the time spent is analysed into different categories of work. This document provides an estimate as to how much time the office holder and his staff will spend undertaking specific tasks within broad categories of work, and the time costs of undertaking such work, which will depend upon the grade or grades of staff undertaking the work and the number of hours spent undertaking the work by each grade of staff.

The estimated time that will be spent undertaking the work in each category of work has been multiplied by the applicable charge out rate for each member of staff that it is anticipated will undertake work in that category to arrive at the estimated total time costs attributable to that category of work on the case. We have then divided that estimated total by the estimated number of hours to arrive at what is known as a blended hourly charge out rate for that category of work. The sum of all the estimates for the different categories of work is the total estimated time costs to undertake all the necessary work on the case. Again, we have then divided that estimated total by the estimated number of hours to arrive at a blended hourly charge out rate for the case as a whole.

The hourly charge out rates that will be used on this case are	£		
Partner – appointment taker	400.00		
Senior Manager			
Manager	300.00		
Supervisor/Senior Administrator	250.00		
Case Administrator	105.00		
Cashier	250.00		
Support staff	105.00		

ADMINISTRATION (Note 2)

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case	1.50	475.00	
Setting up physical/electronic case files (as applicable)	1.50	375.00	
Setting up the case on the practice's electronic case management system and entering data	1.50	375.00	
Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment (as applicable)	2.30	620.00	
Obtaining a specific penalty bond	0.30	90.00	
Convening and holding general meetings of creditors and members (as applicable)	-	-	
Dealing with all routine correspondence and emails relating to the case	27.00	7,400.00	
Opening, maintaining and managing the office holder's estate bank account (delete if not applicable)	1.00	250.00	
Creating, maintaining and managing the office holder's cashbook	4.00	1,000.00	
Undertaking regular bank reconciliations of the bank account containing estate funds	2.00	500.00	
Reviewing the adequacy of the specific penalty bond on a quarterly basis	1.50	375.00	
Undertaking periodic reviews of the progress of the case	7.50	2,150.00	
Overseeing and controlling the work done on the case by case administrators	6.00	2,100.00	
Preparing, reviewing and issuing annual progress reports to creditors and members (as applicable)	8.50	2,350.00	
Filing returns at Companies House and/or Court (as applicable)	2.30	475.00	
Preparing and filing VAT returns (delete if not applicable)	1.00	250.00	
Preparing and filing Corporation Tax returns (delete if not applicable)	1.00	250.00	
Seeking closure clearance from HMRC and other relevant parties	0.60	165.00	
Preparing, reviewing and issuing final reports to creditors and members (as applicable)	5.00	1,350.00	
Convening and holding final meeting meetings of creditors and members (as applicable) (delete in Administrations)	2.10	540.00	
Filing final returns at Companies House and/or Court (as applicable)	1.10	290.00	
Insert additional tasks as required	-	-	
-	-	-	
-	-	-	

Total	77.70	£21,380.00	£275.16
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INVESTIGATIONS (Note 3)

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Recovering the books and records for the case			
Listing the books and records recovered			
Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act (delete if not applicable)	4 00	1 200 00	
Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties such as the bank accountants solicitors etc	0 50	125 00	
Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors			
Insert additional tasks as required			
Total	4 50	£1 325 00	£294 44

The blended rate is slightly higher than the average blended rate for the case as a whole due to the grade of staff and therefore the charge out rates used

REALISATION OF ASSETS (Note 4)

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Arranging suitable insurance over assets	-	-	
Regularly monitoring the suitability and appropriateness of the insurance cover in place	-	-	
Corresponding with debtors and attempting to collect outstanding book debts	-	-	
Liaising with the bank regarding the closure of the account	-	-	
Instructing agents to value known assets	-	-	
Liaising with agents to realise known assets	-	-	
Instructing solicitors to assist in the realisation of assets	-	-	
Registering a caution in respect of freehold property owned by the debtor/company (where applicable)	-	-	
Obtaining details from mortgagees about debts secured over the debtor's/company's freehold/leasehold property (where applicable)	-	-	
Determining the joint owner's/spouse's interest in the freehold/leasehold matrimonial home (delete if not applicable)	-	-	
Instructing solicitors to assist in the realisation of the freehold/leasehold property (where applicable)	-	-	
Liaising with the secured creditors over the realisation of the assets subject to a mortgagee or other charge	-	-	
Insert additional tasks as required	-	-	
Total	0 00	£0 00	#DIV/0!

Payment in relation to the work on the above matters is being sought on a percentage basis and recovery is not being sought from the estate on a time costs basis

TRADING (Note 5)

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Obtaining appropriate information about the business and preparing a business plan and cash flow forecasts			
Arranging suitable insurance for the business			
Setting up suitable systems and controls in respect of purchases and sales for the business			
Liaising with staff and trade unions			
Setting up a new RTI registration for the business with HMRC and submitting relevant information in respect of wages and salaries paid			
Monitoring and controlling the day to day trading of the business			
Monitoring compliance with Health and Safety obligations in respect of the business			
Insert additional tasks as required			
Total	0 00	£0 00	#DIV/0!

It is not anticipated that any Trading will be undertaken by the Liquidator

CREDITORS (Note 6)

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Obtaining information from the case records about employee claims	-	-	-
Completing documentation for submission to the Redundancy Payments Office	-	-	-
Corresponding with employees regarding their claims	-	-	-
Liaising with the Redundancy Payments Office regarding employee claims	-	-	-
Dealing with creditor correspondence: emails and telephone conversations regarding their claims	1 00	250 00	-
Maintaining up to date creditor information on the case management system	0 30	75 00	-
Issuing a notice of intended dividend and placing an appropriate gazette notice	-	-	-
Reviewing proofs of debt received from creditors adjudicating on them and formally admitting them for the payment of a dividend	-	-	-
Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims	-	-	-
Calculating and paying a dividend to creditors and issuing the notice of declaration of dividend	-	-	-
Paying tax deducted from the dividends paid to employees	-	-	-
Insert additional tasks as required	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
Total	1 30	£325 00	£250 00

CASE SPECIFIC MATTERS (note 7)

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Insert additional tasks as required	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
Total	0 00	£0 00	#DIV/0!

It is not anticipated that there will be any matters arising that are not covered by the other categories for which I am seeking to fix the basis of my remuneration

GRAND TOTAL FOR ALL CATEGORIES OF WORK 83 50 £23 030 00 £275 81

Explanatory Note This estimate has been provided to creditors at an early stage in the administration of the case and before the office holder has full knowledge of the case. Whilst all possible steps have been taken to make this estimate as accurate as possible, it is based on the office holder's current knowledge of the case and their knowledge and experience of acting as office holder in respect of cases of a similar size and apparent complexity. As a result, the estimate does not take into account any currently unknown complexities or difficulties that may arise during the administration of the case. If the time costs incurred on the case by the office holder exceed the estimate, or is likely to exceed the estimate, the office holder will provide an explanation as to why that is the case in the next progress report sent to creditors. Since the office holder cannot draw remuneration in excess of this estimate without first obtaining approval to do so, then where the office holder considers it appropriate in the context of the case, they will seek a resolution to increase the fee estimate so that they will then be able to draw additional remuneration over and above this estimate.

Note 2 Administration - This represents the work that is involved in the routine administrative functions of the case by the office holder and their staff together with the control and supervision of the work done on the case by the office holder (and their managers). It does not give direct financial benefit to the creditors, but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow.

Note 3 Investigations - The insolvency legislation gives the office holder powers to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure (and also in respect of matters such as misfeasance and wrongful trading). The office holder is required by the Statements of Insolvency Practice to undertake an initial investigation in all cases to determine whether there are potential recovery actions for the benefit of creditors and the time costs recorded represent the costs of undertaking such an initial investigation. If potential recoveries or matters for further investigation are identified then the office holder will need to incur additional time costs to investigate them in detail and to bring recovery actions where necessary, and further information will be provided to creditors and approval for an increase in fees will be made as necessary. Such recovery actions will be for the benefit of the creditors and the office holder will provide an estimate of that benefit if an increase in fees is necessary.

The office holder is also required by legislation to report to the Department for Business, Innovation and Skills on the conduct of the directors and the work to enable them to comply with this statutory obligations is of no direct benefit to the creditors, although it may identify potential recovery actions.

Note 4 Claims of creditors - the office holder needs to maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. The office holder will also have to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holder is required to undertake this work as part of his statutory functions. **Dividends** - All further work in connection with the formal agreement of claims to rank for dividend purposes, the issue of a notice of intended dividend and placing an appropriate Gazette notice, calculating and paying a dividend to creditors and issuing the notice of declaration of dividend is intended to be charged on a percentage basis.

APPENDIX VI

Analysis of Time Costs & Disbursements For the period 8 September 2016 to 25 October 2016

Time Entry - SIP9 Time & Cost Summary

AA31808 - AAC Mechanical & Electrical Limited
 Project Code POSTAPPT
 From 08/09/2016 To 25/10/2016

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Investigations	0 00	0 00	0 60	2 00	2 60	500 00	192 31
Total Hours	0 00	0 00	0 60	2 00	2 60	500 00	192 31
Total Fees Claimed						0 00	
Total Disbursements Claimed						0 00	

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

ENGLAND AND WALES

1 Introduction

- 1 1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees, explain the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.

2 The nature of administration

- 2 1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors

3 The creditors' committee

- 3 1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

4 Fixing the administrator's remuneration

- 4 1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed
- as a percentage of the value of the property which the administrator has to deal with,
 - by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration, or
 - as a set amount

Any combination of these bases may be used to fix the remuneration, and different bases may be used for different things done by the administrator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the administrator.

It is for the creditors' committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied, and where it is a set amount, to determine that amount. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case,
- any responsibility of an exceptional kind or degree which falls on the administrator,
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties,
- the value and nature of the property which the administrator has to deal with.

4.2 If there is no creditors' committee, or the committee does not make the requisite determination (and provided the circumstances described in paragraph 4.3 do not apply), the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator, but the administrator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment.

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets.

In this case, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of –

- each secured creditor of the company, or
- if the administrator has made or intends to make a distribution to preferential creditors –
 - each secured creditor of the company, and
 - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would.

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company.

4.4 A resolution of creditors may be obtained by correspondence.

5 Review of remuneration

5.1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed, the administrator may request

that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval.

6 Approval of pre-administration costs

6.1 Sometimes the administrator may need to seek approval for the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Disclosure of such costs must be included in the administrator's proposals and should follow the principles and standards set out in section 7.

6.2 Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in paragraph 4.3 apply, the determination may be made by the same creditors as approve the administrator's remuneration.

6.3 The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions, or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination.

7 What information should be provided by the administrator?

7.1 When fixing bases of remuneration

7.1.1 When seeking agreement for the basis or bases of remuneration, the administrator should provide sufficient supporting information to enable the committee or the creditors to make an informed judgement as to whether the basis sought is appropriate having regard to all the circumstances of the case. The nature and extent of the information provided will depend on the stage during the conduct of the case at which approval is being sought. The appendix to this guide sets out a suggested format for the provision of information.

7.1.2 If any part of the remuneration is sought on a time costs basis, the administrator should provide details of the minimum time units used and current charge-out rates, split by grades of staff, of those people who have been or who are likely to be involved in the time costs aspects of the case.

7.1.3 The administrator should also provide details and the cost of any work that has been or is intended to be sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

7.1.4 If work has already been carried out, the administrator should state the proposed charge for the period to date and provide an explanation of what has been achieved in the period and how it was achieved, sufficient to enable the progress of the case to be assessed and whether the proposed charge is reasonable in the circumstances of the case. Where the proposed charge is calculated on a time costs basis, the administrator should disclose the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. The administrator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

7 2 After the bases of remuneration have been fixed

The administrator is required to send progress reports to creditors at specified intervals (see paragraph 8 1 below). When reporting periodically to creditors, in addition to the matters specified in paragraph 8 1, the administrator should provide an explanation of what has been achieved in the period under review and how it was achieved, sufficient to enable the progress of the case to be assessed. Creditors should be able to understand whether the remuneration charged is reasonable in the circumstances of the case (whilst recognising that the administrator must fulfil certain statutory obligations and regulatory requirements that might be perceived as bringing no added value for the estate). Where any remuneration is on a time costs basis, the administrator should disclose the charge in respect of the period, the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. If there have been any changes to the charge-out rates during the period under review, rates should be disclosed by grades of staff, split by the periods applicable. The administrator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

7 3 Disbursements and other expenses

7 3 1 Costs met by and reimbursed to the administrator in connection with the administration should be appropriate and reasonable. Such costs will fall into two categories:

- **Category 1 disbursements** These are costs where there is specific expenditure directly referable both to the administration and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the administrator or his or her staff.
- **Category 2 disbursements** These are costs that are directly referable to the administration but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the administration on a proper and reasonable basis, for example, business mileage.

Category 1 disbursements can be drawn without prior approval, although the administrator should be prepared to disclose information about them in the same way as any other expenses. Category 2 disbursements may be drawn if they have been approved in the same manner as the administrator's remuneration. When seeking approval, the administrator should explain, for each category of expense, the basis on which the charge is being made.

7 3 2 The following are not permissible:

- a charge calculated as a percentage of remuneration,
- an administration fee or charge additional to the administrator's remuneration,
- recovery of basic overhead costs such as office and equipment rental, depreciation and finance charges.

8 Progress reports and requests for further information

8 1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include:

- details of the basis fixed for the remuneration of the administrator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it),

- if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report),
- if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of whether payment was actually made during the period of the report,
- a statement of the expenses incurred by the administrator during the period of the report, irrespective of whether payment was actually made during that period,
- the date of approval of any pre-administration costs and the amount approved,
- a statement of the creditors' rights to request further information, as explained in paragraph 8 2, and their right to challenge the administrator's remuneration and expenses

8 2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court

8 3 The administrator must provide the requested information within 14 days, unless he considers that

- the time and cost involved in preparing the information would be excessive, or
- disclosure would be prejudicial to the conduct of the administration or might be expected to lead to violence against any person, or
- the administrator is subject to an obligation of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing the information

Any creditor may apply to the court within 21 days of the administrator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information

9 Provision of information – additional requirements

The administrator must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company

The information which must be provided is –

- the total number of hours spent on the case by the administrator or staff assigned to the case,
- for each grade of staff, the average hourly rate at which they are charged out,
- the number of hours spent by each grade of staff in the relevant period

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the administrator's appointment, or where he has vacated office, the date that he vacated office

The information must be provided within 28 days of receipt of the request by the administrator, and requests must be made within two years from vacation of office

10 What if a creditor is dissatisfied?

- 10.1 If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court
- 10.2 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8.1 above). If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing.
- 10.3 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the administration.

11 What if the administrator is dissatisfied?

- 11.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

12 Other matters relating to remuneration

- 12.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 12.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.
- 12.3 If a new administrator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new administrator until a further determination, resolution or court order is made.
- 12.4 Where the basis of the remuneration is a set amount, and the administrator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them.

Appendix

Suggested format for the provision of information

Professional guidance issued to insolvency practitioners sets out the following suggested format for the provision of information when seeking approval of remuneration. However, the level of disclosure suggested below may not be appropriate in all cases, and will be subject to considerations of proportionality. In larger or more complex cases the circumstances of each case may dictate the information provided and its format.

Narrative overview of the case

In all cases, reports on remuneration should provide a narrative overview of the case. Matters relevant to an overview are:

- the complexity of the case,
- any exceptional responsibility falling on the administrator,
- the administrator's effectiveness,
- the value and nature of the property in question.

The information provided will depend upon the basis or bases being sought or reported upon, and the stage at which it is being provided. An overview might include:

- an explanation of the nature, and the administrator's own initial assessment, of the assignment (including the anticipated return to creditors) and the outcome (if known),
- initial views on how the assignment was to be handled, including decisions on staffing or subcontracting and the appointment of advisers,
- any significant aspects of the case, particularly those that affect the remuneration and cost expended,
- the reasons for subsequent changes in strategy,
- the steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, and fee drawing,
- any existing agreement about remuneration,
- details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees,
- in a larger case, particularly if it involved trading, considerations about staffing and managing the assignment and how strategy was set and reviewed,
- details of work undertaken during the period,
- any additional value brought to the estate during the period, for which the administrator wishes to claim increased remuneration.

Time cost basis

Where any part of the remuneration is or is proposed to be calculated on a time costs basis, requests for and reports on remuneration should provide:

- An explanation of the administrator's time charging policy, clearly stating the units of time that have been used, the grades of staff and rates that have been charged to the assignment, and the policy for recovering the cost of support staff. There is an expectation that time will be recorded in units of not greater than 6 minutes.
- A description of work carried out, which might include:
 - details of work undertaken during the period, related to the table of time spent for the period,
 - an explanation of the grades of staff used to undertake the different tasks carried out and the reasons why it was appropriate for those grades to be used,
 - any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make.
- Time spent and charge-out summaries, in an appropriate format.

It is useful to provide time spent and charge-out value information in a tabular form for each of the time periods reported upon, with work classified (and sub-divided) in a way relevant to the circumstances of the case

The following areas of activity are suggested as a basis for the analysis of time spent

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The level of disclosure suggested above will not be appropriate in all cases, and considerations of proportionality will apply

- where cumulative time costs are, and are expected to be, less than £10,000 the administrator should, as a minimum, state the number of hours and average rate per hour and explain any unusual features of the case,
- where cumulative time costs are, or are expected to be, between £10,000 and £50,000, a time and charge-out summary similar to that shown above will usually provide the appropriate level of detail (subject to the explanation of any unusual features),
- where cumulative time costs exceed, or are expected to exceed, £50,000, further and more detailed analysis or explanation will be warranted

PRACTICE FEE RECOVERY POLICY FOR ALEXANDER LAWSON JACOBS

EFFECTIVE 1ST FEBRUARY 2015

Introduction

The insolvency legislation was changed in April 2010 for insolvency appointments commenced from that time in order to allow more flexibility on how an office holder's fees are charged to a case. This sheet explains how we may apply the alternative fee bases. The new legislation allows different fee bases to be used for different tasks within the same appointment. The basis or combination of bases set for a particular appointment are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the court. Further detail about how an office holder's fees are approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at www.aljuk.com by clicking on the downloads link. Alternatively a hard copy may be requested by contacting Alexander Lawson Jacobs, 1 Kings Avenue, London N21 3NA.

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration drawn and time costs incurred and will also enable the recipients to see the average rates of such costs. Under the new legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

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

Time cost basis

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

Chargeout Rates

Grade of staff	Current charge-out rate per hour, effective from 1 st February 2015 £
Partner – appointment taker	£350 – £400
Manager	£250 – £300
Senior Administrator	£190 – £250
Administrator	£100 – £175
Support staff	£ 75 – £125

These charge-out rates are reviewed annually and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Each unit of time is 6 minutes. The work is recorded under the following categories:

Administration and Planning
Investigations
Realisation of assets
Debtors
Creditors
Employee matters
Trading

Percentage basis

The new legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal. Different percentages can be used for different assets or types of assets. Where we would like to realise any asset or type of assets on a percentage basis we will provide further information explaining why we think that this basis is appropriate and ask creditors to approve the basis.

Fixed fee

The new legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. Where we would like to charge a set amount for a task or different set amounts for different tasks we will provide further information explaining why we think that this basis is appropriate and ask creditors to approve the basis.

All bases

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

Agent's Costs

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

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

Disbursements

In accordance with Statement of Insolvency Practice 9 (SIP9) the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

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

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

It is proposed that the following Category 2 disbursements are recovered:

Room Hire	£75.00
Mileage	in accordance with HMRC approved mileage rates at the date incurred
Photocopying	8p per sheet

CREDITOR QUESTIONNAIRE

INVESTIGATION INTO THE AFFAIRS OF AAC Mechanical & Electrical Limited
(In Administration)

Creditor's Name and Address

Estimated Claim

If the estimated claim exceeds the credit limit, on what basis or terms was the additional credit allowed?

Please provide details of any comfort, security or assurance given to you to allow continuance of credit

When were you first aware that there were difficulties in getting payment and what was the evidence of this? e.g. extended credit, lump sum payments, dishonoured cheques

Please provide details, including dates, of any writ, summons, decrees or other legal action you took to recover your debt

Please provide details of any cheques which were dishonoured, including dates and amounts

Are there any particular matters you feel should be reviewed? If so, please provide brief details

Date _____

Signature _____

Name _____ (Block Capitals Please)

Position _____

Proxy (Administration)

AAC Mechanical & Electrical Limited – In Administration

Name of Creditor _____

Address _____

Name of Proxy Holder

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

1 _____

2 _____

3 _____

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on Friday 11 November 2016, or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion)

Voting Instructions for resolutions.

1 For the acceptance/rejection* of the Administrator's proposals/revised proposals* as circulated

2 For the appointment of _____

of _____

representing _____

as a member of the creditors' committee

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

Remember there may be resolutions on the other side of this form

THE INSOLVENCY RULES
RULE 2 38

ENTITLEMENT TO VOTE FOR VOTING PURPOSES AT THE CREDITORS MEETING

2.38(1) **[Conditions for voting]** Subject as follows, at a meeting of creditors in administration proceedings a person is entitled to vote only if -

- (a) he has given to the administrator, not later than 12 00 hours on the business day before the day fixed for the meeting, details in writing of the debt which-
 - (i) he claims to be due to him from the company, or
 - (ii) in relation to a member State liquidator, is claimed to be due to creditors in proceedings in relation to which he holds office,
- (b) the claim has been duly admitted under the following provisions of this Rule, and
- (c) there has been lodged with the administrator any proxy which he intends to be used on his behalf, and details of the debt must include any calculation for the purposes of Rules 2 40 to 2 42

2 38(2) **[Voting despite failure to comply with r.2.38(1)(a)]** The chairman if the meeting may allow a creditor to vote, notwithstanding that he has failed to comply with paragraph (1)(a), if satisfied that the failure was due to circumstances beyond the creditor's control

2 38(3) **[Call for documents to substantiate claim]** The chairman of the meeting may call for any document or other evidence to be produced to him, where he thinks it necessary for the purpose of substantiating the whole or any part of the claim

2 38(4) **[Calculation of votes]** Votes are calculated according to the amount of a creditor's claim as at the date on which the company entered administration, less any payments that have been made to him after that date in respect of his claim and any adjustment by way of set-off in accordance with Rule 2 85 as if that Rule were applied on the date that the votes are counted

2.38(5) **[Unliquidated debts]** A creditor shall not vote in respect of a debt for an unliquidated amount, or any debt whose value is not ascertained, except where the chairman agrees to put upon the debt an estimated minimum value for the purpose of entitlement to vote and admits the claim for that purpose

2.38(6) **[Votes cast only once]** No vote shall be cast by virtue of a claim more than once on any resolution put to the meeting

2 38(7) **[Creditor's vote priority over member State liquidator]** Where –

- (a) a creditor is entitled to vote under this Rule,

- (b) has lodged his claim in one or more sets of other proceedings, and
- (c) votes (either in person or by proxy) on a resolution put to the meeting, and
- (d) the member State liquidator casts a vote in respect of the same claim, only the creditor's vote shall be counted

2 38(8) [Voting in more than one set of proceedings] Where-

- (a) a creditor has lodged his claim in more than one set of other proceedings, and
- (b) more than one member State liquidator seeks to vote by virtue of that claim,

the entitlement to vote by virtue of that claim is exercisable by the member State liquidator in main proceedings, whether or not the creditor has lodged his claim in the main proceedings

2.38(9) [Creditor and member State liquidator or single claim] For the purposes of paragraph (6), the claim of a creditor and of any member State liquidator in relation to the same debt are a single claim

2 38(10) ["Other proceedings"] For the purposes of paragraphs (7) and (8), "other proceedings" means main proceedings, secondary proceedings or territorial proceedings in another member State