

**Administrator's progress report****2.24B**

Name of Company Forge Tech Industries Limited	Company Number 04741001
In the High Court of Justice, Chancery Division, Birmingham District Registry (full name of court)	Court case number 2356 of 2004

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

We Mark D C Hopkins and Alistair M Grove  
of PricewaterhouseCoopers LLP,  
Cornwall Court  
19 Cornwall Street  
Birmingham, B3 2DT

administrators of the above company attach a progress report for the period

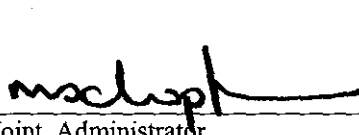
from

to

(b) 14 April 2004

(b) 12 October 2004

(b) Insert dates

Signed   
Joint Administrator

Dated 12 October 2004

**Contact Details:**

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

Isabella Pateman	
PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP	
	Tel 0113 289 4118
DX Number	DX Exchange



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

**PricewaterhouseCoopers LLP**  
Benson House  
33 Wellington Street  
Leeds LS1 4JP  
Telephone +44 (0) 113 289 4000  
Facsimile +44 (0) 113 289 4460  
Direct Phone 0113 289 4118  
Direct Fax 0113 289 4580

**To: All known creditors;  
The Registrar of Companies;  
The High Court of Justice, Chancery Division, Birmingham District Registry.**

*When telephoning please ask for Isabella Pateman on 0113 289 4118*

12 October 2004

Our ref IMSP/ForgeTech/030801

Dear Sirs

**Forge Tech Industries Limited –in administration (“the Company”)**

I refer to my previous report dated 26 May 2004 and I am pleased to provide you with my final progress report on this administration.

**Statutory and Financial Information**

I enclose the following for your information:

Appendix A Statutory information on the administration.

Appendix B Administrators' receipts and payments account to 12 October 2004 and final outcome statement.

**The administrators' proposals**

On 17 June 2004 a meeting of creditors of the Company was held to allow the creditors to consider and vote upon the joint administrators' proposals for the administration.

The proposals were approved with a modification that the Company enters into a Creditors' Voluntary Liquidation within 6 months of the date of the meeting of creditors. The notification of the outcome of the meeting and the modification was filed with the Court and the Registrar and sent to creditors on 18 June 2004. A copy of the modified proposals is attached to this report at Appendix C.

## **Steps taken during the administration**

### **The business and assets of the Company**

As stated in my previous report, immediately following my appointment a going concern sale of the Company's business and assets to Kimber Drop Forgings Limited was concluded, with the sum of £201,753 being paid upon completion.

In addition to the above-mentioned sale, I have been involved in collecting in the book debts due to the Company as these debts were not transferred to Kimber Drop Forgings Limited as part of the sale.

### **Book debts**

All book debts have now been realised. The surplus of £68,284 after paying the sum of £353,2000 to the secured creditor, will be passed to the subsequent joint liquidators.

### **Actions to now be taken by the administrator**

Given that the claims of the secured creditor have been paid in full, and that a distribution will be made to unsecured creditors, the Company will now exit administration and enter into Creditors' Voluntary Liquidation under the provisions of paragraph 83 of Schedule B1 to Insolvency Act 1986, with Alistair M Grove and I, being appointed as joint liquidators. This course of action is in accordance with the approved proposals as stated above.

On 8 October 2004 Alistair Grove and I applied to Court under paragraph 79(3) of Schedule B1 to Insolvency Act 1986 and requested that our appointment as Administrators ceased to have effect upon the filing of the required notice under Paragraph 83 of Schedule B1 to the Insolvency Act for the voluntary winding up of the Company. The Court made an order to this effect.

### **The purpose and aim of the Creditor's Voluntary Liquidation ("CVL")**

The purpose of the CVL is to enable the liquidator to carry out investigations into the conduct of directors and actions taken by the Company prior to the administration and to facilitate a distribution to unsecured creditors.

With regard to the investigations referred to above, a number of creditors have provided information concerning their dealings with the Company and its directors in the period prior to the administration. In this regard, I am keen to fully understand the extent to which creditors have experienced:

- Breaches in credit terms offered to the Company
- Bounced cheques or failed promises to pay
- Been in dialogue with the Company in connection with credit terms or payments

Creditors are requested to provide full details of any such matters to me. Once the Company has moved into liquidation, I shall be looking to form a liquidation committee under the provisions of

Section 101 of the Insolvency Act 1986 so that I may consult with the creditors committee, for example in connection with the outcome of the above-mentioned investigations. Further information regarding this will be made available to creditors following my appointment as liquidator.

## **Discharge of Liability**

On 8 October 2004 Alistair Grove and I applied to Court under paragraph 79(3) of Schedule B1 to Insolvency Act 1986 and requested that we be discharged from liability in respect of any action taken as administrators pursuant to paragraph 98 of Schedule B1 to Insolvency Act 1986.

The Court ruled that we will be discharged from liability 28 days after filing our final receipts and payments account which will be sent to the Registrar on 13 October 2004.

## **Joint administrators' costs**

It was agreed at the creditors' meeting held on 17 June 2004 that the joint administrators' remuneration be calculated based upon the time properly spent on the administration by us and the various grades of our staff according to our firm's usual charge out rates for work of this nature and that disbursements, including category two disbursements, be charged in accordance with the firm's policy, a copy of which is enclosed at Appendix D. We also enclose at Appendix D a breakdown of our time costs to the 30 September 2004, and our current charge out rates.

To date I have drawn £99,000 in respect of fees and £3,006.46 in respect of disbursements. I do not propose to take any further fees in respect of the administration, which will result in unbilled time costs of £26,290 at 30 September 2004.

Disbursements have been drawn in accordance with Statement of Insolvency Practice 9, which was communicated to creditors in my report dated 26 May 2004.

Disbursements drawn to date total £3,006.46, a breakdown of which is shown below:

	£
Bonding	440.00
Travel & Mileage	1064.51
Staff expenses	338.22
Archiving costs	535.80
Photocopying	614.75
Postage and Company Searches	13.18
	<u>3,006.46</u>

It has been the joint administrators' policy to delegate the routine tasks of the administration to junior staff in order to maximise the cost effectiveness of the work performed. These staff are supervised by senior staff and the joint administrators. Any matter of particular complexity or significance that has required responsibility of an exceptional kind has been dealt with by senior staff and the joint administrators.

## Professional advisors

On this assignment I have used the professional advisors listed below. I have also indicated alongside, the basis of my fee arrangement with them.

Name of Professional Advisor	Nature of Work	Basis of Fee Arrangement
Eversheds	Solicitors	Time costs
GVA Grimley	Valuation	Fixed

My choices were 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. I have reviewed the fees charged and am satisfied that they are reasonable in the circumstances of this case.

## Final outcome for creditors

Based upon current expected realisations it is anticipated that a dividend will be paid to unsecured creditors. At this stage it is not possible to confirm the level of dividend available to unsecured creditors as the liabilities of the Company have yet to be confirmed.

Should you have any further queries please contact my colleague Isabella Pateman.

Yours faithfully  
for and on behalf of the Company



Mark D C Hopkins  
Joint Administrator

Enclosures      form 2.24B  
                      form 2.34B  
                      Appendix A - statutory information  
                      Appendix B - receipts and payment account  
                      Appendix C - administrators' revised proposals  
                      Appendix D - firm's time and expenses policy, together with a breakdown of  
                      our time costs to the 30 September 2004, and our current charge out rates.

*Mark D Hopkins and Alistair M Grove have been appointed as joint administrators of Forge Tech Industries Limited to manage its affairs, business and property as its agents. Mark D Hopkins is licensed to act as an insolvency practitioner by the Insolvency Practitioners Association. Alistair M Grove is licensed to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales.*

**STATUTORY INFORMATION**

**Court details for the administration:** High Court of Justice  
Chancery Division  
Birmingham District Registry  
Case no. 2356 of 2004

**Statutory information regarding the Company:**

Full name	Forge Tech Industries Limited
Registered address	Benson House, 33 Wellington Street, Leeds, LS1 4JP
Registered number	04741001
Trading name(s)	Forge Tech
Background	The Company was incorporated on 22 April 2003 in order to purchase the business and assets of Harris Lifting & Shipping Tackle Company Limited, and operated from leasehold premises at Gawne Lane, Cradley Heath, West Midlands. It manufactured steel forgings.

**Statutory information regarding the officers of the Company:**

The Directors	Stephen William Wellings David Hancox Geoffrey Dennis Turnbull Mark Woolford
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The Company Secretary	Mark Woolford
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Shareholdings in the Company  
held by the above (shares of £1 each) 1, 0, 0 and 0 respectively

**The appointment of administrators:**

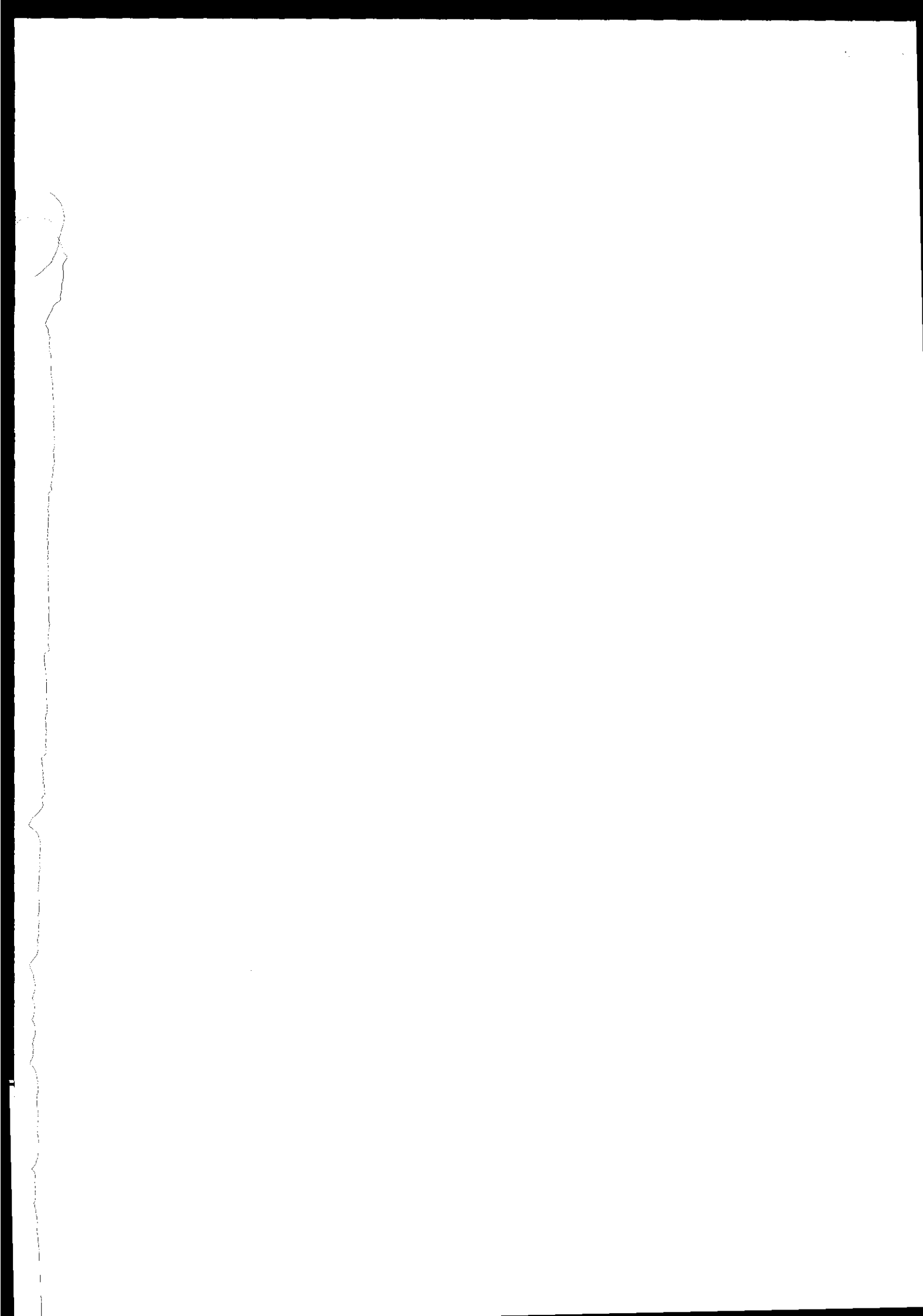
Date of appointment	14 April 2004
Joint administrators	Mark D C Hopkins and Alistair M Grove
Appointor	High Court of Justice, Chancery Division, Birmingham District Registry

**Division of the administrators' responsibilities:**

During the period for which the administration is in force, any function to be exercised by the persons appointed to act as administrators may be done by any or all of the persons appointed or any of the persons for the time being holding that office.

**Forge Tech Industries Limited - in administration**  
**Receipts and payments**  
**Prepared as at 12 October 2004**

	Receipts & Payments from 14 April 04 to 12 October 04 £
<b>Fixed Charge</b>	
<b>Receipts</b>	
Book debt realisations	421,517.91
<b>Payments</b>	
Distribution to secured creditor	(353,200.35)
	<hr/>
Balance in hand / net fixed charge realisations	<u><u>68,317.56</u></u>
<b>Floating charge</b>	
<b>Receipts</b>	
Plant and machinery	95,000.00
Goodwill	5,000.00
Intangible assets	2.00
Intellectual property rights	1.00
Stock	101,749.00
Work in progress	1.00
Cash	3,601.46
Interest received	840.17
	<hr/>
	206,194.63
<b>Payments</b>	
Agents' fees and disbursements	(3,534.00)
Legal fees and disbursements	(15,000.00)
Insurance	(36.75)
Administrators' fees and disbursements	(102,006.46)
General expenses and other costs	(763.42)
Corporation tax	(87.69)
Bank charges	(71.34)
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	(121,499.66)
Balance in hand / net floating charge realisations	<u><u>84,694.97</u></u>
<b>Total balance in hand / net realisations</b>	<u><u>153,012.53</u></u>





APPENDIX C – ADMINISTRATORS' REVISED PROPOSALS

# The joint administrators' proposals

**Adopted**

As required by Paragraph 49 Schedule B1 of the Insolvency Act 1986 we, as administrators, make the following proposals to creditors for achieving the purpose of the administration entered into on 14 April 2004. We will seek approval of proposals 1 to 5 as the 1<sup>st</sup> resolution and proposal 6 as the 2<sup>nd</sup> resolution at the initial creditors' meeting on 17 June 2004.

<p><b>1. How do we propose to achieve the purpose of administration?</b></p>	<ul style="list-style-type: none"> <li>In an administration, the administrators continue to manage the business, affairs and property of the Company in such manner as they consider expedient with a view to achieving one of the following objectives:               <ul style="list-style-type: none"> <li>(a) primarily, rescuing the Company as a going concern, or failing that;</li> <li>(b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or finally;</li> <li>(c) realising property in order to make a distribution to one or more secured or preferential creditors.</li> </ul> </li> <li>In this particular case, the administrators consider objective (b) to be achievable.</li> <li>We will investigate and, if appropriate, pursue any claims that the Company may have under the Companies Act 1985 or the Insolvency Act 1986.</li> <li>In addition we shall do all such other things and generally exercise all our powers as administrators as we, at our discretion, consider desirable in order to achieve the purpose of the administration and to protect and preserve the assets of the Company and to maximise their realisations for any other purpose incidental to these proposals.</li> </ul>
<p><b>- The reason why objective (b) is being pursued and how it will be achieved.</b></p>	<ul style="list-style-type: none"> <li>At the time of the administrators' appointment the Company did not have funds available to allow it to meet its liabilities and both the Company's bankers and shareholders had indicated that they would not be prepared to advance further funding. In these circumstances the directors had no alternative but to place the Company into a formal insolvency process.</li> <li>The administrators reviewed the position and formed the view that it was not reasonably practicable to achieve a rescue of the Company as a going concern through the implementation of a Company Voluntary Arrangement. In view of this, and the lack of further funding, it became apparent that it was not possible to achieve objective (a).</li> <li>Furthermore, the Company's parent had decided to sell the freehold premises from which the Company operated together with some of the operating plant and equipment used by the Company to an independent third party, Kimber Drop Forging Limited ("Kimber").</li> <li>However, a sale of the Company's business and assets to Kimber was achieved immediately following our appointment.</li> <li>All staff and their associated liabilities have transferred to the purchaser, preserving their employment and reducing claims against the Company. The going concern sale also not only maximised realisations of stock and plant and machinery, but it ensured continuity of supply for customers that greatly assisted in book debt collections.</li> <li>This sale has therefore achieved a better result for the Company's creditors than would have been achieved had the Company been immediately wound up.</li> </ul>

# The joint administrators' proposals

Annex C

<p>2. What is the future for the Company itself?</p>	<ul style="list-style-type: none"> <li>▪ Under the provisions of the Insolvency Act 1986, the administrators have only limited powers to agree the claims of creditors and make distributions without sanction of the court. In this case it is likely that a dividend will be available to unsecured creditors of the Company.</li> <li>▪ There are a variety of ways in which the distribution may be facilitated, and in which the administration may come to an end. The administrators propose that one of the following mechanisms for ending the administration be used;             <ol style="list-style-type: none"> <li>1. Once all of the assets have been realised, the administrators will apply to court for the power to allow a distribution to be made to the Company's unsecured non-preferential creditors within the administration and, once completed, will file a notice with the Registrar of Companies, ending the administration, with the Company being dissolved three months thereafter, or</li> <li>2. Once all of the assets have been realised, and the total amount that the secured creditor is likely to receive has been paid or set aside, the administrators will send a notice to the Registrar of Companies that paragraph 83 of Schedule B1 to the Insolvency Act 1986 applies. The Company shall then move from administration into Creditors' Voluntary Liquidation, to enable any surplus funds to be distributed to unsecured creditors. In this case, it is proposed that the appointment of Mark Hopkins and Alistair Grove of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT, as joint administrators shall cease to have effect upon the registration of the notice, and they shall immediately become joint liquidators to the Company. In accordance with paragraph 83(7) of Schedule B1, and Rule 2.11(7) of the Insolvency Act 1986, creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the administrator's proposals and before the proposals are approved, or **</li> <li>3. The appointment of the administrators may automatically cease to have effect at the end of a period of one year if the administrators do not request an extension, or</li> <li>4. Once the asset disposals are complete, we will petition the Court for the Company to be placed into Compulsory Liquidation to enable any surplus funds to be distributed to creditors.</li> </ol> </li> <li>▪ Please note that based on the current circumstances and estimated outcome, the administrators' preferred route is option 2, a voluntary liquidation following the administration.</li> </ul> <p>** The following modification to this proposal was passed; 'The Company Voluntary Liquidation shall be entered into within 6 months of the date of the meeting of creditors.'</p>
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## The joint administrators' proposals

**Annex C**

<p><b>3. What investigation work will the administrators undertake?</b></p>	<ul style="list-style-type: none"> <li>▪ The administrators may investigate transactions in the period leading up to the administration and, if appropriate, pursue any claims that the Company may have.</li> <li>▪ Additionally the administrators are required to submit a report or return to the Secretary of State for Trade and Industry on the conduct of everyone who has acted as a director of the company in the last three years, even those who were not formally appointed.</li> <li>▪ Creditors are requested that, should they have any information that they believe may be of benefit to these investigations, they bring it to the administrators' attention as soon as possible if they have not already done so.</li> </ul>
<p><b>4. How long will the administration remain in force?</b></p>	<ul style="list-style-type: none"> <li>▪ Under paragraph 76 of Schedule B1 of the Insolvency Act 1986 the administrators' appointment comes to an automatic end after one year unless the Court agrees to extend it for a specific period.</li> <li>▪ Alternatively, the Company's creditors can consent to a six-month extension to the administrators' term in office.</li> <li>▪ In this case the administrators believe that the Company will move from administration to Creditors' Voluntary Liquidation, as detailed on the previous page, at a time substantially prior to the one-year anniversary of their appointment. The precise timing of this will be dependent upon the finalisation of asset realisations. Should circumstances change such that the administration is not able to be concluded within one year, we propose that the administrators are authorised to apply to the court for an appropriate extension. **</li> </ul> <p>** The following modification to this proposal was passed; 'The Company Voluntary Liquidation shall be entered into within 6 months of the date of the meeting of creditors.'</p>
<p><b>5. Will there be a creditors committee?</b></p>	<ul style="list-style-type: none"> <li>▪ A creditors' committee may be formed if three or more creditors are willing to serve on it.</li> <li>▪ Should a committee be formed the administrators will consult with it from time to time on the conduct of the administration and the implementation and development of these proposals. Where we consider it appropriate, we will seek the committee's sanction to proposed action on our part instead of convening a meeting of all creditors.</li> <li>▪ Any creditor committee that is formed will, in the event that the Company passes from administration into Creditors' Voluntary Liquidation, continue to be in existence as a liquidation committee in accordance with paragraph 83 (3)(f) of Schedule B1 to the Insolvency Act 1986.</li> <li>▪ The administrators would encourage the formation of a creditors' committee. If you wish to serve on the creditors' committee, please indicate this on your proxy form.</li> </ul>

## The joint administrators' proposals

*Approved*

<p>6. How is it proposed the administrators' fees be calculated?</p>	<ul style="list-style-type: none"> <li>▪ The administrators propose that the creditors' committee, if one is formed, should fix our fees as administrators.</li> <li>▪ Should a creditors' committee not be formed, it is proposed, under Rule 2.106 of the Insolvency Rules 1986, that our remuneration be calculated based upon the time properly spent on the administration by us and the various grades of our staff according to our firm's usual charge out rates for work of this nature and that disbursements be charged in accordance with the firm's policy as set out in Appendix D. We will then be authorised to draw such fees and reasonable disbursements, including category 2 disbursements, on account from time to time. An extract from Statement of Insolvency Practice 9: Creditors Guidance to Fees in Administrations, is enclosed at Appendix D along with a breakdown of our time costs to date and our current charge out rates.</li> <li>▪ It has been the administrators' policy to delegate the routine administration to junior staff wherever possible in order to maximise the cost effectiveness of the work performed. These staff are supervised by senior staff and by the joint administrators. Senior staff and the joint administrators have dealt personally with any matter of particular complexity or significance that has required responsibility of an exceptional kind.</li> <li>▪ It is also proposed that the administrators are entitled to draw category 2 disbursements properly incurred, see Appendix D, Administrators' charging and disbursement policy guidance, for further information concerning administrators' remuneration.</li> </ul>
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**APPENDIX D****Charge Out Rates from 1 July 2004**

	<b>Per Hour £</b>
<b>Partner</b>	<b>300</b>
<b>Director</b>	<b>270</b>
<b>Senior Manager</b>	<b>215</b>
<b>Manager</b>	<b>175</b>
<b>Executive (Level 2)</b>	<b>135</b>
<b>Executive (Level 1)</b>	<b>100</b>
<b>Analyst</b>	<b>85</b>
<b>Support</b>	<b>55</b>

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Specialist departments within PricewaterhouseCoopers LLP, such as tax, vat and pensions, do sometimes charge a small number of hours should we require their expert advice. Their rates do vary, however the figures given below provide an indication of the maximum rate per hour.

	<b>Per Hour £</b>
<b>Senior Manager</b>	<b>375</b>
<b>Manager</b>	<b>200</b>
<b>Consultant</b>	<b>179</b>
<b>Assistant Consultant</b>	<b>145</b>
<b>Analyst</b>	<b>100</b>

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## **Category 2 Disbursements**

In accordance with the revised statement of insolvency practice number 9, the administrators be authorised to draw disbursements for services provided by their own firm as follows:

Postage	At cost – only charged for circulars to creditors or exceptional packages.
Storage	At cost where provided internally.
Photocopying	At 3p per sheet copied, only charged for circulars to creditors and exceptional amounts of copying.
Staff expenses	These are only charged as they relate to the administration and will generally be for subsistence, mileage and items charged at cost.

# Forge Tech Industries Limited - in administration

## Administrators' costs to 30 September 2004

Time Costs	Hours					Average Hourly Rate (£)
	Partner/Director	Senior Manager/Manager	Executive	Analyst/Support	Total Hours	
Classification of Work						
Administration & Planning	-	37.75	34.51	30.48	102.74	133
Sale of Business & Asset Realisation	38.50	115.57	109.92	104.50	368.49	151
Trading Supervision including Retention of Title	-	-	1.00	0.50	1.50	92
Employees	-	-	21.00	7.00	28.00	115
Creditors	-	-	10.90	59.05	69.95	87
Statutory & Compliance	29.00	41.24	65.63	271.21	407.09	114
<b>Total</b>	<b>67.50</b>	<b>194.56</b>	<b>242.96</b>	<b>472.74</b>	<b>977.76</b>	<b>128</b>

Total Time Cost	(£)
	125,289.30
Total Expenses	3,024.44
<b>Total Cost</b>	<b>128,313.74</b>

### Notes:

1. Further time has been charged since 30 September 2004
2. Please note that this time cost analysis includes time spent by my receivables management group in collecting the debtors ledger.
3. Please note that the analysis between grades may vary slightly from previous reports due to staff promotions. However, please be advised that staff will be charged out at the correct rate for the grade they were at the date the work was performed.