

The Insolvency Act 1986

**Administrator's progress report**

Name of Company

Lumshill Stone Limited

Company number

04846884

In the  
Leeds District Registry

(full name of court)

Court case number  
1191 of 2012(a) Insert full  
name(s) and  
address(es) of  
administrator(s)

I/~~We~~ (a)  
Paul Gerard Moorhead  
Moorhead Savage  
Moorgate Crofts Business Centre  
South Grove  
Rotherham  
S Yorks

S60 2DH

administrator~~(s)~~ of the above company attach a progress report for the period

From

To

(b) Insert date

(b) 12 September 2012

(b) 11 March 2013

Signed

  
 Joint / Administrator~~(s)~~

Dated

2/4/2013

**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

Paul Gerard Moorhead  
Moorhead Savage  
Moorgate Crofts Business Centre  
South Grove  
Rotherham  
S Yorks  
S60 2DH  
DX Number

01709 331300  
DX Exchange

SATURDAY



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06/04/2013

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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**

**LUMSHILL STONE LTD  
ADMINISTRATOR'S PROGRESS REPORT TO CREDITORS  
FOR THE SIX MONTHS ENDING 11 MARCH 2013**

**STATUTORY INFORMATION**

<b>Company name:</b>	Lumshill Stone Limited
<b>Previous company name:</b>	None
<b>Registered office:</b>	Moorgate Crofts Business Centre South Grove Rotherham S60 2DH
<b>Former registered office:</b>	12-14 Percy Street Rotherham S65 1ED
<b>Registered number:</b>	04846884
<b>Date of incorporation:</b>	27 July 2003
<b>Trading address:</b>	Unit 16 Tapton Business Park Brimington Road Chesterfield S41 7UP
<b>Previous trading address:</b>	None
<b>Principal trading activity:</b>	Cutting, shaping & finishing stone
<b>Administrator's name:</b>	Paul Gerard Moorhead
<b>Administrator's address:</b>	Moorgate Crofts Business Centre South Grove Rotherham S60 2DH
<b>Administrator's date of appointment:</b>	12 September 2012
<b>Court name and reference:</b>	Leeds District Registry No 1191 of 2012
<b>Appointment made by:</b>	Company Director

## **RECEIPTS AND PAYMENTS ACCOUNT**

My Receipts & Payments Account for the period from 12 September 2012 to 11 March 2013 is attached at Appendix 1

All amounts in the R&P and this report are shown net of VAT unless otherwise stated

Estate funds have been banked in a designated clients' account at a UK bank

## **ASSETS**

An independent valuation of the Company's assets was carried out by Ellis Willis & Beckett, a well-established firm of Chartered Valuation Surveyors based in Sheffield. The valuation was conducted on a 'market value' basis however consideration was given to the likelihood of the sale being conducted through an insolvency procedure. The inspection of all the Company's assets was conducted on 21 June 2012

Anecdotal evidence suggested that there is a limited market for the Company's major assets. The Director has advised that the sale of a stone cutting saw in previous years took a number of months to locate a suitable buyer and agree terms. Due to the nature of the Company's main assets, specialist fitting and transportation equipment would be required, which would be likely to reduce the value of the assets if sold on an 'ex situ' basis.

### **Plant & Equipment; Office Furniture & Equipment**

The company owned various items of stone cutting and ancillary machinery which are generally well used and would require specialist equipment to remove and transport. The company also owns some general office furniture and equipment consisting primarily of desks, chairs and various other furnishings which is well used, having been in a dusty industrial environment.

An inspection was carried out by my Agents of the Plant & Equipment together with the office furniture & equipment and provided a valuation of £13,920 and £353 respectively.

### **Stock**

The company's stock consisted of a ten tonne stone block together with a number of pallets of sawn off-cut walling stone which has remained unsold for many years. This was valued at £2,250. Further advice was sought from my Agent in respect of the unsold sawn off-cut walling stone who confirmed that a reduced value of £1,726 would be acceptable in the circumstances.

### **Goodwill**

On the basis that the Company is insolvent and does not have the benefit of a well-known brand, and on the basis that the Company normally trades on informal contracts which would not be capable of being novated or assigned, a notional figure of £1 has been attributed to goodwill.

### **Book debts**

The company's records suggested that there were a number of outstanding invoices due to the Company, however the purported debtor is also a Creditor in the Administration and exercised their right of set-off. There also appear to be further monies owed by a Company that has entered into Liquidation proceedings and there appears to be little likelihood of recovering these debts. I therefore propose to write off these debts.

### **Sale of Assets**

I decided that it was not appropriate to continue the business of the company due to a lack of working capital, health and safety concerns and other issues. I therefore concluded that an immediate sale of the company's business and assets was the best way to achieve the objective of the administration. As a result, immediately on my appointment, I sold the company's business and assets to Lumshill Stone (UK) Limited.

The Director of the Company expressed an interest in acquiring the assets through a connected Company. A sale of the Company's assets took place immediately upon my appointment on 12 September 2012. The purchaser of the assets was Lumshill Stone UK Limited (Company number 07145736) of 12-14 Percy Street, Rotherham, South Yorkshire, S65 1ED. The sole Director and Shareholder of this Company is John Mulkeen who is the sole Director and Shareholder of Lumshill Stone Limited (In Administration). An offer of £16,000 in respect of the assets and goodwill of the Company was received. The valuation agent recommended the offer on the basis that it was broadly similar to the valuation. On that basis, it was decided not to enter into marketing activities for the assets as this would incur additional costs and it was not clear that any better offers would be received. On this basis, the offer was accepted by the Administrator.

The terms of the sale were initial consideration of £2,000 payable on completion and thereafter deferred consideration payments consisting of eight monthly payments of £1,750.

A personal guarantee has been obtained from the Director of the proposed purchaser in respect of the consideration payable.

The Company's assets were detailed in the statement of affairs as follows:

#### **Estimated to Realise**

(a) Plant & Equipment	£13,920
(b) Stock	£ 1,726
(c) Book Debts	£ 1
(d) Office Furniture & Equipment	£ 353

In accordance with the terms of the sale agreement, I have received payments totalling £7,250 to date. Two payments are currently in arrears and my staff and I are liaising with the purchaser to bring the payments up to date.

## LIABILITIES

The Statement of Affairs Creditors as provided by the Director, are detailed as follows

<u>Name of Creditor</u>	<u>SofA Amount</u> £	<u>Amount of Claim</u> £
Trade & Expense	127,063 61	16,887 33
HM Revenue & Customs	73,177 60	54,408 99
Debenture Holder	92,279 99	Not relevant

### Secured Liabilities

An examination of the company's mortgage register held by the Registrar of Companies showed that the company granted a debenture to Barclays Bank Plc. The floating charge was granted to the Bank on 8 June 2009.

### Preferential Creditors

The statement of affairs anticipated that there would be no preferential creditors and no such claims have been received.

### Crown Creditors

The statement of affairs included an estimate of £73,177 60 owed to HM Revenue & Customs, being made up of £24,345 26 in outstanding VAT together with £48,832 34 in respect of outstanding PAYE/NIC. HM Revenue & Customs have submitted a VAT claim for a provisional amount of £54,408 99 together with details of a further provisional claim in respect of outstanding PAYE/NIC and Corporation Tax amounting to £107,616 67. My staff and I are in the process of investigating the circumstances surrounding the significant increase of the Company's liabilities to the Crown.

### Unsecured Creditors

The statement of affairs included 19 unsecured creditors with an estimated total liability of £127,063 61. I have received claims from 3 creditors at a total of £16,887 33. To date I have not received claims from 16 creditors with original estimated claims in the statement of affairs of £120,322 44.

## ADMINISTRATOR'S ACTIONS SINCE APPOINTMENT

I have recovered the books and records of the company in order to undertake the investigations I am required to carry out as Administrator. I have analysed the accounting records of the company, along with the company bank statements to investigate the financial affairs of the company. It appears that there is an overdrawn Director's Loan Account. I have instructed my

Solicitor to advise on this matter and I am in the process of investigating this matter. I will provide more information within my next report.

I have also contacted the company's bank to ensure that all payments received in and out of the company bank account after the date of the administration (12 September 2012) would be refunded and paid to myself as Administrator. Due to the financial position of the Company and the circumstances surrounding its failure no credits were paid into the Company's account direct following my appointment.

Following my appointment, it was brought to my attention by the Director that a number of outstanding invoices were due to the Company. My staff and I have taken steps to investigate and realise the monies owed by the purported debtors. The results of my investigations have found that

- One of the debtors has entered into Liquidation proceedings and from the information provided there appears to be little likelihood of a significant dividend being declared, if any.
- The second debtor brought to my attention is also a Creditor of the Administration in the sum of £4,534.63. I have received notification that the said Creditor has exercised their right of set-off against monies owed to the Company amounting to £4,561.77, leaving a balance of £27.14 to be recovered. I will not be taking any further steps to recover this amount as the costs of recovering it will far outweigh the monetary gain.

Within six months of my appointment as administrator, I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present director would make him unfit to be concerned with the management of the company. I would confirm that my report has been submitted.

#### **PRE-ADMINISTRATION COSTS**

On 27 February 2013 the following pre-appointment costs were approved by the debenture holder, Barclays Bank Plc.

Administrator's pre-appointment fees	£2,797.50
Valuation agents fees	£250.00
Legal fees and disbursements	£2,294.80

These costs have not yet been paid.

#### **ADMINISTRATOR'S REMUNERATION**

As advised in my Administrator's proposals of 25 September 2012, as the Company's financial position means there are insufficient assets to pay a dividend to unsecured Creditors, I did not convene a meeting of Creditors for the purposes of authorising my remuneration.

As a result, my remuneration has been authorised by the chargeholder, Barclays Bank Plc and

is to be drawn on a time cost basis. My total time costs to 11 March 2013 amount to £13,016.25. To date I have drawn remuneration of £3,800 plus VAT. A schedule of my time costs incurred to date is attached as Appendix 1.

A description of the routine work undertaken in the administration to date is as follows:

1 Administration and Planning

- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising
- Preparing documentation required
- Dealing with all routine correspondence
- Maintaining physical case files and electronic case details on IPS case management software
- Review and storage
- Case bordereau
- Case planning and administration
- Preparing reports to members and creditors
- Convening and holding meetings of members and creditors

2 Cashiering

- Maintaining and managing the administrator's cashbook and bank account
- Ensuring statutory lodgments and tax lodgment obligations are met

3 Creditors

- Dealing with creditor correspondence and telephone conversations
- Preparing reports to creditors
- Maintaining creditor information on IPS case management software
- Reviewing, and adjudicating on if necessary, proofs of debt received from creditors.

4 Investigations

- Review and storage of books and records
- Prepare a return pursuant to the Company Directors Disqualification Act
- Conduct investigations into suspicious transactions
- Review books and records to identify any transactions or actions an administrator may take against a third party in order to recover funds for the benefit of creditors

5 Realisation of Assets

- Corresponding with debtors and attempting to collect outstanding book debts
- Liaising with the company's bank regarding the closure of the account
- Corresponding with the asset purchaser to monitor receipt of the deferred consideration payments

A copy of 'A Creditors Guide to Administrators' Fees' published by the Association of Business Recovery Professionals, together with an explanatory note which shows Moorhead Savage's fee policy, are available at the link [www.moorheadsavage.co.uk/creditorinformation](http://www.moorheadsavage.co.uk/creditorinformation). Please note that there are different versions for cases that commenced before or after 6 April 2010 and in this case you should refer to the November 2011 version. A hard copy of both documents can be

obtained on request from the address below

## **ADMINISTRATOR'S EXPENSES**

My expenses to 11 March 2013 amount to £561 90 I am yet to draw any expenses in this matter

The following expenses have been incurred but have not yet been paid

Type of expense	Amount of expense incurred/accrued to date £	Amount still to be paid £
Advertising	47 75	47 75
Bond	120 00	120 00
Postage	60 60	60 60

It is not proposed that any Category 2 disbursements will be claimed by the Administrator

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

Professional Advisor	Nature of Work	Fee Arrangement
Ellis Willis & Beckett	Valuation Surveyor	Fixed fee
Lupton Fawcett Lee & Priestley	Solicitors	Time costs

The choice of professionals was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. The fees charged have been reviewed and I am satisfied that they are reasonable in the circumstances of this case

## **FURTHER INFORMATION**

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the administrator's remuneration and expenses within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the administrator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

## **DIVIDEND PROSPECTS**

### **Secured creditors**

It is expected that a payment will be made to the Bank under the terms of their debenture. It is



unlikely that there will be a distribution to any other class of Creditor

As previously advised, the Company gave a floating charge to Barclays Bank Plc. on 8 June 2009 and the prescribed part provisions will apply. On the basis of realisations to date, together with estimated future realisations, and after taking into account the costs of the administration to closure, I have calculated that the net property of the Company is £2.103

Since the company's net property is less than £10,000, the insolvency legislation does not require me to distribute the prescribed part of the net property to creditors if I think that the costs of distributing the prescribed part would be disproportionate to the benefits to creditors. I am of the view that the costs of distribution would be disproportionate and so will not be making a distribution of the prescribed part of the net property to unsecured creditors.

#### **SUMMARY**

The administration will remain open whilst the matters referred to above are dealt with. The Arrangement is expected to be concluded prior to the 12 month maximum duration set for Administrations. It is expected that the company will exit administration through Creditors Voluntary Liquidation or one of the other routes referred to in the administrator's proposals.

Should you have any queries regarding this matter please contact Sarah Ellis on 01709 331 300.



Paul Gerard Moorhead  
Administrator

**Lumshill Stone Limited**  
**(In Administration)**

**Administrator's Abstract Of Receipts And Payments**  
**To 11 March 2013**

<b>RECEIPTS</b>	<b>Total (£)</b>
Consideration re sale of assets	7,250 00
Bank Interest	1 20
	<hr/>
	7,251 20
	<hr/>
<b>PAYMENTS</b>	
Office Holders Fees	3 800 00
Fixed Ch Vat Receivable	760 00
	<hr/>
	4,560 00
Balances in Hand	2 691 20
	<hr/>
	7,251 20
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# Time Entry - SIP9 Time & Cost Summary

12028ADDM - Lumsbill Stone Limited  
Project Code POST  
To 11/03/2013

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	12.20	15.25	17.70	0.00	45.15	8,373.75	185.47
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	5.80	0.00	0.00	5.80	1,015.00	175.00
Investigations	6.00	4.00	0.00	0.00	10.00	2,200.00	220.00
Marketing	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Chargeable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	4.10	2.10	0.00	0.00	6.20	1,352.50	224.60
Trading	0.00	0.20	0.00	0.00	0.20	35.00	175.00
<b>Total Hours</b>	<b>22.30</b>	<b>27.35</b>	<b>17.70</b>	<b>0.00</b>	<b>67.35</b>	<b>13,016.25</b>	<b>193.26</b>
<b>Total Fees Claimed</b>						<b>0.00</b>	
<b>Total Disbursements Claimed</b>						<b>0.00</b>	

