

**Notice of move from
administration to dissolution**

Name of Company

LA Elwell Limited

Company number

05918201

In the
High Court Birmingham District Registry

[full name of court]

Court case number
8422 of 2009

We Andrew Stephen McGill
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Mark Jeremy Orton
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

having been appointed Administrators of LA Elwell Limited, KPMG LLP, One Snowhill, Snow Hill
Queensway, Birmingham, B4 6GH

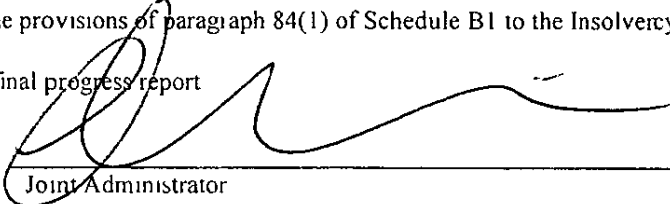
on 26 June 2009 by Directors

hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 apply

We attach a copy of the final progress report

Signed

Dated


Joint Administrator
20 December 2010

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.

Heather Worthington
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

DX Number DX 709850 Birmingham 26

Tel 0121 232 3633
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



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COMPANIES HOUSE

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MONDAY



**LA Elwell Limited
(in administration)**

**Report to Creditors pursuant to Rule 2.47 of
the Insolvency Rules 1986 (as amended)**

20 December 2010

KPMG Restructuring

ASM/AB/HW Report to creditors



*LA Elwell Limited
(in administration)*

*KPMG LLP
20 December 2010*

Notice: About This Report

This Report has been prepared by Andy McGill and Mark Orton, the Joint Administrators of LA Elwell Limited, solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in LA Elwell Limited or other companies in the same group. Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors. Any person that chooses to rely on this Report, for any purpose or in any context other than under the Insolvency Rules 1986, does so at their own risk.

To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report to any such person.

Andy McGill is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales. Mark Orton is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.

The Joint Administrators act as agents for LA Elwell Limited and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the administration.



*LA Elwell Limited
(in administration)*

*KPMG LLP
20 December 2010*

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*LA Elwell Limited
(in administration)*

*KPMG LLP
20 December 2010*

1 Introduction

As previously advised, following the request of the Company, acting by its directors, Andrew Stephen McGill and Mark Jeremy Orton of KPMG LLP, One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH were appointed Joint Administrators of LA Elwell Limited on 26 June 2009. The appointment was registered in the High Court of Justice, Chancery Division, Birmingham District Registry. The Court case number is 8422 of 2009.

In accordance with Rule 2.47 of the Insolvency (Amendment) Rules 2003 we are writing to provide notice of the closure of the administration. We enclose Form 2.35B providing formal notice to that effect. We are also writing to provide an update for the period 26 June 2010 to 20 December 2010.

An abstract of receipts and payment account for the period 26 June 2010 to 20 December 2010 is attached as Appendix 1. Other information required by Rule 2.47 of the Insolvency (Amendment) Rules 2003 is attached as Appendix 2. Finally, a schedule of the administrators' time costs and disbursements is attached as Appendix 3.

In accordance with paragraph 100 (2) of Schedule B1 of the Insolvency Act 1986, the functions of the Administrators are to be exercised by any or both of them.

2 Joint Administrators' Proposals

As previously advised, the Joint Administrators' Proposals were sent to all known creditors on 19 August 2009 and within them stated the following:

- The Administrators may use any or a combination of the "exit route" strategies in order to bring the Administration to an end, but in this particular instance the Administrators are likely to wish to pursue one of the following options as being the most cost effective and practical in the present circumstances:
 - a) If deemed appropriate, the Administrators will take the necessary steps to place the Company into compulsory liquidation,
 - b) If creditors' voluntary liquidation is deemed appropriate, the Joint Administrators be permitted to seek the appointment of Andrew Stephen McGill and Mark Jeremy Orton as joint liquidators of LA Elwell Limited without any further recourse to creditors. Any act required or authorised under any enactment to be done by Andrew Stephen McGill and Mark Jeremy Orton, the joint liquidators, may be done by one of them. In accordance with paragraph 83(7) and Rule 2.117(3), creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the proposals and before the proposals are approved.
- If deemed appropriate, the Administration may be brought to an end:
 - a) Automatically one year after the Administrators' appointment pursuant to Paragraph 76(1) Schedule B1 IA86, or



*LA Etwell Limited
(in administration)*

*KPMG LLP
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- b) By notice to the Registrar of Companies on completion of the Administration under paragraphs 80 or 84 Schedule B1 IA86, or
- c) Once all the assets have been realised and the Administrators have concluded all work within the Administration, the Administrators will file notice under Paragraph 84(1) Schedule B1 IA86 with the Registrar of Companies, following registration of which the Company will be dissolved three months thereafter, or
- d) Once assets have been realised and the Administrators have concluded all work within the Administration, the Administrators will apply to court under Paragraph 79 Schedule B1 IA86 for the Administration to be ended and, if appropriate, for the Company to be placed into compulsory liquidation

In accordance with Paragraph 52(1) of Schedule B1 of the Insolvency Act 1986, the Joint Administrators may dispense with the requirement to summon an initial meeting of creditors under Paragraph 51(b) of Schedule B1 where the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of section 176A(2)(a), the prescribed part. As no request was made by the creditors for the Joint Administrators to hold a meeting, no meeting was held and our proposals were deemed to have been approved.

In accordance with the extracts from our proposals outlined above, the administration will be brought to an end via dissolution. Further to this, the Joint Administrators will be discharged from any personal liability when the administration is closed.

3 Purpose and progress of the administration

3.1 Purpose of administration

In accordance with paragraph 3(1) Schedule B1 of the Insolvency Act 1986 the purposes of the administration were

- (a) rescuing the Company as a going concern, or,
- (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,
- (c) realising property in order to make a distribution to one or more secured or preferential creditors

As creditors are aware, it was not possible to rescue the Company as a going concern, owing to the level of liabilities outstanding to Yorkshire Bank ("the Bank") and trade creditors. The purpose of the administration was therefore to achieve a better result for the Company's creditors as a whole than would be likely if the Company had been wound up.



*LA Elwell Limited
(in administration)*

*KPMG LLP
20 December 2010*

3 2 *Progress of the administration*

3 2 1 *Sale of business*

As previously detailed to creditors, the business was traded and marketed for sale immediately following our appointment

This resulted in the successful sale to Task Pallets (UK) Limited (now LA Rollform (UK) Limited) on Friday 10 July 2009, for a total of £450,000 plus stock

3 2 2 *Debtors*

As previously advised, trade debtors at appointment totalled £2,195,118. The debts were subject to an invoice discounting agreement with the Bank and were therefore excluded from the sale of the business. Approximately £2,103,000 was due to the Bank under this facility.

We have previously detailed the substantial quantum of counter-claims, bad debts and write-offs that arose following our review of the ledger.

Final Administrator collections totalled £1,502,000, which have primarily been paid directly to the Bank under the terms of the invoice discounting agreement. All outstanding debtors are being collected by the Bank directly.

3 2 3 *Administration trading*

As you are aware, the Administrators conducted a brief trading period whilst negotiations for the sale of the business were undertaken. Sales of £105,000 were made in the 2 week period. These sales have now been collected, however as previously detailed they have been subject to approximately £6,000 of bad debt. This resulted in a small trading loss.

3 2 4 *Directors' Loans*

As detailed previously, we have not received a statement of affairs from the company directors, however outstanding balances were shown in the most recent management accounts (April 2009) in respect of directors' loans due to the Company.

The Joint Administrators pursued the directors' loan balances, however following our investigations it emerged that a substantial amount of the balances were in dispute. Given the substantial costs involved in pursuing the directors for these balances through Court, and the low likelihood of a successful claim based on the legal advice we received, it was determined not to pursue these balances further.

4 *Position for Creditors*

4 1 *Secured creditors*

As previously advised, the Bank's debt is secured by a fixed and floating debenture in the name of their parent, Clydesdale Bank Plc, dated 21 November 2006, in addition to the



separate invoice discounting agreement over the book debts and the hire purchase agreements

As detailed in the estimated financial position provided in our initial report to creditors, the indebtedness to the Bank as at appointment was approximately £780,000 under the overdraft. A further £2,103,000 was due under the invoice discounting facility and approximately £270,000 under the hire purchase agreements. Based on the realisations to date and the estimated outcome of book debts, along with the requirement to set aside funds under the prescribed part for unsecured creditors (see 4.3 below), the Bank has not been repaid in full.

Please note that there is a balance showing on the receipts and payments account of £3,197.27. This represents a final VAT reclaim which will be paid to the Bank on receipt as the amount represents elements of pre-appointment book debt receipts which are covered by the Bank's invoice discounting agreement detailed above.

Advantage Transition Bridge Fund Limited ("Advantage") hold a debenture dated 5 February 2009. This charge ranks behind the Bank in accordance with a Deed of Priorities agreed between the lenders and the Company. Advantage was owed approximately £235,000 at appointment according to the estimated financial position. As this charge is second ranking, no distribution has been made to this creditor.

4.2 *Preferential creditors*

As detailed in our previous report, the majority of employees transferred to the purchaser following the sale of the business.

The two employees made redundant by the Administrators had preferential claims against the Company for unpaid wages and holiday pay, up to the prescribed limits. Unfortunately, realisations have not been sufficient to enable a distribution to preferential creditors.

4.3 *Unsecured creditors*

Unsecured creditor balances totalled approximately £2,245,000 per the estimated financial position provided with our initial report to creditors. Given the expected shortfall to the secured creditors, the only potential distribution to unsecured creditors would have been via the prescribed part.

In accordance with Section 176A(2) of the Insolvency Act 1986, the Joint Administrators are required to set aside a prescribed part of the Company's net property for the benefit of unsecured creditors that would otherwise be available to the secured floating charge holder. Details of how the prescribed part is calculated can be found in our previous report to creditors.

Given the costs of realisation, no payment has been made through the prescribed part, as the net property fell below the minimum £10,000 threshold, once all other matters were finalised.



*LA Elwell Limited
(in administration)*

*KPMG LLP
20 December 2010*

5 Administrators' Time Costs

KPMG LLP time costs for the period from 26 June 2010 to 20 December are £17,230 50, representing 70 20 hours. A detailed analysis of this is attached at Appendix 3. Key areas where costs have been incurred are as follows:

- Monitoring and progressing debtor collections (including the directors' loan balances),
- Dealing with creditor queries, and
- Attending to all statutory duties that are associated with this type of insolvency.

A creditors' guide to fees can be found at the following website: [http://www.r3.org.uk/uploads/sip/SIP9_v5_April_2007\(1\).pdf](http://www.r3.org.uk/uploads/sip/SIP9_v5_April_2007(1).pdf), however, if you are unable to access this guide and would like a copy, please contact Heather Worthington on 0121 232 3633.

In accordance with Rule 2.106(5A) of the Insolvency Rules 1986, as the Joint Administrators made a statement under paragraph 52(1)(b) of the Insolvency Act 1986, fees have been fixed by the approval of the secured creditors. As there was no dividend to preferential creditors, their approval was not required.

Fees were approved by secured creditors and total fees drawn amount to £198,000, against total overall time costs of £319,979.

6 Conclusion

With all realisations now complete, all final costs settled and balancing distributions made to the secured creditor, it is now possible to finalise the administration of the Company.

The administration is now being brought to a conclusion, in accordance with our approved proposals, by the filing of notice under Paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 with the Registrar of Companies, following registration of which the Company will be dissolved three months thereafter.



*LA Elwell Limited
(in administration)*

*KPMG LLP
20 December 2010*

Should you require any further information please contact my colleague, Heather Worthington on 0121 232 3633

Yours faithfully
For and on behalf of LA Elwell Limited

Andy McGill
Joint Administrator

The affairs, business and property of the companies are being managed by the joint administrators

Andy Stephen McGill is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales

Mark Jeremy Orton is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association



*LA Elwell Limited
(in administration)*

*KPMG LLP
20 December 2010*

Appendix 1

Summary of receipts and payments for the period 26 June 2010 to 20 December 2010


LA Elwell Limited
(In Administration)
Administrators' Trading Account

Statement of Affairs	From 26/06/2009 To 20/12/2010	From 26/06/2009 To 20/12/2010
POST-APPOINTMENT SALES		
Sales	98,687 67	98,687 67
	<u>98,687 67</u>	<u>98,687 67</u>
PURCHASES		
Purchases	126,161 10	126,161 10
	<u>(126,161 10)</u>	<u>(126,161 10)</u>
OTHER DIRECT COSTS		
Direct labour	41,407 75	41,407 75
Sub contractors	494 00	494 00
	<u>(41,901 75)</u>	<u>(41,901 75)</u>
TRADING EXPENSES		
Rent	4,931 40	4,931 40
Heat & light	2,090 09	2,090 09
Telephone/Telex/Fax	25 00	25 00
Transport	8,440 00	8,440 00
Insurance	4,840 80	4,840 80
Hire of equipment	250 00	250 00
Repairs and maintenance	7,028 00	7,028 00
	<u>(27,605 29)</u>	<u>(27,605 29)</u>
TRADING SURPLUS/(DEFICIT)	<u>(96,980 47)</u>	<u>(96,980.47)</u>

LA Elwell Limited
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 26/06/2009 To 20/12/2010	From 26/06/2009 To 20/12/2010
FIXED CHARGE ASSETS		
Book debts	72,303 69	72,303 69
Goodwill	100,000 00	100,000 00
	<u>172,303 69</u>	<u>172,303 69</u>
FIXED CHARGE COSTS		
Administrators' fees	72,000 00	72,000 00
Legal fees	11,473 87	11,473 87
Debt collection costs	3,846 94	3,846 94
	<u>(87,320 81)</u>	<u>(87,320 81)</u>
FIXED CHARGE CREDITORS		
Fixed charge creditor	100,000 00	100,000 00
	<u>(100,000 00)</u>	<u>(100,000 00)</u>
HP/LEASING		
HP/Leasing asset	150,000 00	150,000 00
HP/Leasing creditor	(150,000 00)	(150,000 00)
	<u>NIL</u>	<u>NIL</u>
ASSET REALISATIONS		
Plant & machinery	185,000 00	185,000 00
Furniture & equipment	5,000 00	5,000 00
Motor vehicles	10,000 00	10,000 00
Stock - work in progress	95,000 00	95,000 00
Book debts	NIL	NIL
	<u>295,000 00</u>	<u>295,000 00</u>
OTHER REALISATIONS		
Bank interest, gross	1,029 09	1,029 09
Sundry refunds	1,163 25	1,163 25
Trading Surplus/(Deficit)	(96,980 47)	(96,980 47)
	<u>(94,788 13)</u>	<u>(94,788 13)</u>
COST OF REALISATIONS		
Administrators' fees	126,000 00	126,000 00
Agents'/Valuers' fees	4,132 00	4,132 00
Legal fees	20,283 48	20,283 48
Legal fees - debt collection	11,061 25	11,061 25
Storage costs	1,755 74	1,755 74
Statutory advertising	213 12	213 12
PAYE & NIC	15,713 89	15,713 89
Bank charges	2,838 00	2,838 00
	<u>(181,997 48)</u>	<u>(181,997 48)</u>
	<u><u>3,197.27</u></u>	<u><u>3,197 27</u></u>
REPRESENTED BY		
Floating ch VAT rec'able		28,579 11
Floating ch VAT payable		(14,803 12)
Floating ch VAT control		(10,578 72)

3,197.27



Andrew Stephen McGill
Administrator



*LA Elwell Limited
(in administration)*

*KPMG LLP
20 December 2010*

Appendix 2

Other information required by Rule 2.47 of the Insolvency Rules 1986 (as amended)

Statutory information

Date of incorporation	29 August 2006
Company registration number	5918201
Present registered office	c/o KPMG LLP, One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH
Previous registered office	Stanley House, 27 Wellington Road, Bilston, WV14 6AH
Trading address	Cable Street, Wolverhampton WV2 2HX
Issued share capital	£143 (143 ordinary £1 shares)
Shareholders	Mr Alan Rothwell (33 shares) Mr Andrew Lamsdale (33 shares) W A M McClements No 3 Trust (20 shares) ¹ W A M McClements No 2 Trust (57 shares) ¹
Directors	Mr Stephen Geoffrey Harding Mr David Haycock Mr Andrew Lamsdale
Company secretary	Mr Philip Timms
Employees	64

¹We have been advised of the following by Mr McClements

¹WAM McClements wishes all creditors to be aware that he has never been a shareholder of LA Elwell Limited. The shares in WAM McClements No 3 and No 2 Trusts were held by two other shareholders in Netoffer the holding company for Elwell Sections Limited prior to the merger with LA Elwell Limited.



*LA Elwell Limited
(in administration)*

*KPMG LLP
20 December 2010*

Appendix 3

Schedule of Administrators' Time Costs

LA Elwell Limited- in administration

26 June 2010 to 20 December 2010

	Partner / Director	Manager	Administrato r	Support	Total hours	Time cost	Average hourly rate
Cashiering							
General (Cashiering)				0 60	0 60	£63 00	£105 00
Reconciliations (& IPS accounting reviews)			0 30		0 30	£67 50	£225 00
Tax							
Post appointment corporation tax		3 10	2 50		5 60	£1,668 00	£297 86
Administration & planning							
Cashiering							
Fund management			0 50		0 50	£87 50	£175 00
General (Cashiering)	0 20		3 00	4 10	7 30	£1,190 50	£163 08
Reconciliations (& IPS accounting reviews)			0 40	0 80	1 20	£181 50	£151 25
General							
Books and records			0 10		0 10	£16 50	£165 00
Statutory and compliance							
Appointment and related formalities				0 10	0 10	£10 50	£105 00
Checklist & reviews	0 10		1 50		1 60	£404 00	£252 50
Closure and related formalities		5 00	1 00		6 00	£2,205 00	£367 50
Statutory receipts and payments accounts			1 00		1 00	£240 00	£240 00
Tax							
Post appointment corporation tax	1 00		5 90		6 90	£1 708 50	£247 61
Post appointment VAT		1 20	2 70		3 90	£829 50	£212 69
Creditors							
Creditors and claims							
General correspondence			7 00		7 00	£1 417 50	£202 50
Statutory reports	0 10	2 00		0 50	2 60	£744 00	£286 15
Employees							
Correspondence		0 10		0 20	0 30	£54 00	£180 00
Investigation							
Directors							
Directors' questionnaire / checklist	0 10				0 10	£51 50	£515 00
Realisation of assets							
Asset Realisation							
Debtors		8 50	15 60		24 10	£6 116 50	£253 80
Trading code used outside trading period							
Trading							
Purchases and trading costs			1 00		1 00	£175 00	£175 00
Total in period					70 20	£17,230 50	£245 45
Brought forward time					1,145 50	£302,748 50	
Period time					70 20	£17,230 50	
Total time					1,215 70	£319,979 00	