

The Insolvency Act 1986
Administrator's progress report

Name of Company BMI Hose (UK) Limited	Company number 06032290
In the High Court of Justice Birmingham District Registry (full name of court)	Court case number 8080 of 2013


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

I/We (a)
David Bennett
Grant Thornton UK LLP
Colmore Plaza
Colmore Circus
Birmingham
B4 6AT

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

From (b) 18 February 2013	To (b) 19 November 2013
------------------------------	----------------------------

Signed


Joint Administrator(s)

Dated

23 December 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

David Bennett
Grant Thornton UK LLP
Colmore Plaza
Colmore Circus
Birmingham
B4 6AT

DX Number

0121 212 4000
DX Exchange

TUESDAY



A41

24/12/2013

#82

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



Our Ref DJB/PAM/ALO/TXA/B01926/
Your Ref

To the creditors

10 December 2013

Dear Sirs

Recovery and Reorganisation

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester M3 3EB

T +44 (0)161 953 6900
F +44 (0)161 953 6405
www.grantthornton.co.uk

**BMI Hose (UK) Limited - In liquidation and formerly in administration
(the Company)
High Court of Justice, Birmingham District Registry,
No 8080 of 2013**

1 Introduction

- 1.1 Following my appointment as joint administrator of the above Company with Paul J Addison by a qualifying floating charge holder on 18 February 2013, I am now in a position to conclude the administration
- 1.2 Please note that Paul J Addison is no longer a director at Grant Thornton UK LLP and by order of the court on 14 October 2013 he was removed as joint administrator and therefore I will act as sole administrator and liquidator
- 1.3 This is my final progress report, including
- Appendix A, an account of my receipts and payments for the period ended 19 November 2013 in accordance with Rule 2.47 of the Insolvency Rules 1986
 - Appendix B, a statement of the remuneration charged by the joint administrators in the period from 18 February 2013 to 19 November 2013 and a statement of expenses incurred in the period
 - Appendix C, an analysis of my time costs as required by Statement of Insolvency Practice 9
 - Appendix D, an extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the administrator (Rule 2.48A)
 - Appendix E, an extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the administrator's remuneration and expenses, if excessive (Rule 2.109)

2 Statutory information

- 2.1 The Company's statutory details are as follows

Registered number 06032290

Registered office 4 Hardman Square, Spinningfields,
Manchester, M3 3EB

Chartered Accountants

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please see grantthornton.co.uk for further details. Grant Thornton UK LLP is a limited liability partnership registered in England and Wales. No. OC307742. Registered office: Grant Thornton House, Melford Street, Euston Square, London NW1 2EP. A list of members is available from our registered office.

Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority.

A list of personnel permitted by Grant Thornton to accept appointments as insolvency practitioners and of their respective authorising bodies may be inspected at the above address.

3 Pre-appointment expenses

- 3 1 No pre-appointment costs were incurred or paid in this matter

4 Receipts and payments account

- 4 1 I attach my receipts and payments account at Appendix A. You will note that no amounts have been paid to the unsecured creditors by virtue of the application of section 176A of the Insolvency Act 1986 (prescribed part)

5 Report and outcome of administration

Book Debts

- 5 1 As previously reported, at the date of my appointment, the Company's records indicated that the Company's debtor ledger had a net book value of £731,321. I have instructed Shoosmiths LLP to assist with the collection of the book debts and to take appropriate legal action to maximise the return to the Company.
- 5 2 You will note from the receipts and payments account at Appendix A that the sum of £385,261 has been collected in the period of the report. Book debt collection is on-going, however, it remains difficult to assess the anticipated level of total realisations. I expect that the total book debt collection will be below the £600,000 estimated in the directors' statement of affairs due to the ageing of the ledger and a number of disputed debts.

Cash at bank

- 5 3 At the date of my appointment, the sum of £10,498 was held in the Company's pre-appointment bank account with Royal Bank of Scotland Plc (RBS) and the sum of £191 was held as petty cash at the Company's trading premises. This is shown in the receipts and payments account attached at Appendix A.
- 5 4 As previously reported, one of the directors of the Company withdrew £36,000 from the Company's bank account immediately prior to our appointment. The administrator has taken legal action through the courts to pursue a return of these monies to the Company.
- 5 5 The director in question has since filed for bankruptcy and a trustee in bankruptcy was appointed on 16 April 2013. A proof of debt form has been submitted to the trustee in respect of the £36,000 owed to the Company and I await further communication with regards to the progress of the bankruptcy. At this stage, it is considered unlikely that this money will be returned in full to the Company.

Stock & Chattel Assets

- 5 6 As previously reported, immediately following my appointment, I instructed Ardel OEM Limited (Ardel) to act as my agents to recover and consolidate all stock, plant and equipment from each of the Company's leasehold service centres at a central location. I also instructed Edward Symmons & Co (Edward Symmons) to market the Company's stock and other assets for sale.
- 5 7 As previously explained, I became aware on 27 March 2013 that a key supplier had submitted a retention of title (ROT) claim over the majority of the Company's stock. Following a review of

all relevant paperwork the claim was accepted and the stock subject to ROT has now been collected from the Company's premises

- 5 8 In respect of the remaining stock not subject to the ROT claim, following advice from my agents, Edward Symmons, I accepted an offer of £250 (plus VAT) This is shown in my receipts and payments account attached at Appendix A
- 5 9 As previously reported, I have completed a sale of some of the Company's office furniture for £1,250 (plus VAT) As illustrated in the receipts and payment account, I have since completed a sale for the remaining furniture and equipment to the fixed charge holder, Arana Treasury PTY Ltd (Arana), for £35,600 (plus VAT) Only £14,240 of cash was received in relation to this sale, with the remainder subject to a set off against secured debt owed to Arana I do not anticipate any further realisations in respect of furniture & equipment

Motor Vehicles

- 5 10 The Company's commercial motor vehicle fleet were all leased, with agreements held with various fleet providers
- 5 11 As previously reported, on recovery of the Company's leased vehicles I became aware that several items of stock and equipment had been removed without my prior consent I have investigated this issue further, however I have been unable to establish any specific details with regards to the removal of this stock and equipment In light of the lack of information available and the potential costs of any legal action, following consultation with my legal advisors, I have decided against pursuing this matter any further
- 5 12 All of the Company's leased vehicles have now been returned to the relevant fleet providers

Insurance refunds and miscellaneous refunds

- 5 13 Insurance refunds of £2,399 have been received in relation to two of the Company's commercial motor vehicle fleet and I have also received the sum of £206 in relation to a refund

Leasehold premises

- 5 14 The Company traded from nine service centres including the head office located in Wolverhampton Following a review of the service centres I was able to establish that only three of the properties (Wolverhampton, Stoke and Wakefield) were leased in the name of the Company
- 5 15 The remaining six properties were leased in the name of other legal entities The keys to these properties have been returned to the directors of these entities
- 5 16 Following the collection of the Company's stock and plant and equipment, as part of the consolidation process undertaken by Ardel, I was able to vacate the sites at Stoke and Wakefield I continued to occupy the head office in Wolverhampton whilst I looked to realise the remaining stock, plant and equipment being held at this central location
- 5 17 As advised above, I have now completed the sale of the Company's remaining stock and plant and equipment In light of this and following advice from Edward Symmons that there was no

value in the property leases held by the Company, I have surrendered the Company's leasehold interest in the three leasehold properties

Liabilities

Secured creditor

- 5 18 Arana Treasury PTY Ltd (Arana) holds fixed and floating charges over the Company's assets. At the date of my appointment, Arana was owed £639,347 and to date the sum of £28,480 has been distributed to Arana.
- 5 19 Based on current and anticipated realisations, it is estimated that there will be a shortfall in the amount due to Arana.

Preferential creditors

- 5 20 Preferential creditor claims exist in respect of employee arrears of wages and unpaid holiday pay. Employee preferential claims are subject to a maximum limit set by insolvency legislation and the total anticipated claim is expected to be c £50,000.

Unsecured creditors

- 5 21 At the date of appointment, the Company's books and records indicated there to be unsecured creditors of £496,839. Under Section 176A of the Insolvency Act 1986, the prescribed part, being the amount available for the satisfaction of unsecured liabilities, will apply.
- 5 22 As previously reported, neither of the two versions of the statement of affairs submitted calculated the amount due to the unsecured creditors under the prescribed part. The value of the prescribed part will be largely determined by the level of total book debt realisations which at present remains unknown. As such, I am unable to provide an accurate figure of the value of the prescribed part but I will update the creditors further when appropriate.

6 Exit of the administration


- 6 1 As disclosed in my statement of proposals, the exit strategy was to move the Company to creditors' voluntary liquidation (CVL) with David Bennett being appointed as liquidator.
- 6 2 My proposals were approved by creditors and on 13 November 2013, I submitted to the Registrar of Companies Form 2 34B, Notice to move from administration to CVL and the form was filed on 19 November 2013.
- 6 3 Accordingly, I was appointed liquidator of the Company on 19 November 2013 in order for me to make a distribution to unsecured creditors from realisations made during the administration.

7 Administrator's remuneration and expenses

- 7 1 My fees for acting as administrator have been fixed by reference to the creditors. The time costs for the administration for the period from 18 February 2013 to 19 November 2013 are £227,374, representing 960 hours at an average of £237 per hour. You will note from the SIP 9 table attached at Appendix C and from the receipts and payments account attached at Appendix A that I have drawn £150,000, approval for which was obtained from the secured and preferential creditors.

- 7 2 Time costs of £77,374 incurred in the period but not drawn as remuneration to date are disclosed in Appendix B. In addition we have drawn expenses of £3,748 as indicated in Appendix A.
- 7 3 Background information regarding the fees of administrators can be found at www.insolvency-practitioners.org.uk (navigate via 'Regulation and Guidance' to 'Creditors Guides to Fees'). Alternatively, we will supply this information by post on request. Time is charged in 6 minute units.
- 8 Other expenses incurred by the joint administrators**
- 8 1 Please find below at Appendix B details of expenses incurred and paid for in the period of the report. I set out below an explanation as to the most significant payments made in the period.
- 8 2 Shoosmiths LLP has been paid the sum of £5,848 in respect of advice provided in relation to the appointment of the joint administrators and on-going legal advice.
- 8 3 Shoosmiths LLP has been paid the sum of £14,069 in respect of their on-going collection of book debts.
- 8 4 The sum of £2,090 has been paid to ERA Solutions in relation to assisting with employee redundancies and any employee claims that have arisen.
- 8 5 Site clearance fees in the sum of £7,140 has been paid to Ardel OEM Limited in respect of the recovery and consolidation of all stock, plant and equipment.
- 8 6 The sum of £26,000 has been paid to Protronics in order to secure and gain access to the Company's accounting records.
- 8 7 GMS Property Support Services Ltd has been paid the sum of £1,824 in relation to securing the Company's leasehold premises.
- 8 8 JLT Speciality Limited are my insurers and the sum of £4,093 has been paid in relation to the insurance of the Company's assets following my appointment.
- 8 9 Should you have any queries in relation to this report, please contact Alison Orrell on 0161 953 6379.

Yours faithfully
for and on behalf of BMI Hose (UK) Limited



David Bennett
Former Administrator

Enc

A Abstract of the administrators' receipts and payments

BMI Hose (UK) Limited - in administration
Summary of receipts and payments
from 18 February 2013 to 19 November 2013

Statement of Affairs £	From 18/02/2013 to 17/08/2013 £	From 18/08/2013 to 19/11/2013 £	Total £
Receipts			
Furniture & Equipment	1,250 00	35,600 00	36,850 00
Stock	0 00	250 00	250 00
Book Debts	376,824 84	8,436 35	385,261 19
Insurance Refund	1,978 72	0 00	1,978 72
Cash at Bank	10,689 56	0 00	10,689 56
Misc Float Receipts	0 00	205 87	205 87
Bank/ISA InterestGross	122 87	171 46	294 33
Insurance Refunds	0 00	420 58	420 58
Vat on Sales	250 00	6,920 00	7,170 00
	391,115 99	52,004.26	443,120 25
Payments			
Telephone	43 35	0 00	43 35
Professional Fees	1,433 38	0 00	1,433 38
PAYE/NI	237 74	0 00	237 74
Net Wages	2,195 15	0 00	2,195 15
Chargeholder (1)	0 00	28,480 00	28,480 00
Collection of book debts	225 00	13,843 96	14,068 96
Administrators Fees	150,000 00	0 00	150,000 00
Administrators Expenses	3,748 00	0 00	3,748 00
Legal Fees (1)	5,847 50	0 00	5,847 50
Professional Fees	2,090 00	0 00	2,090 00
Debt Collection Fees	0 00	7,409 52	7,409 52
IT Disposal costs	102 51	0 00	102 51
Site Clearance Fees	7,140 10	0 00	7,140 10
Storage Costs	194 70	0 00	194 70
Re-Direction of Mail	120 00	0 00	120 00
Statutory Advertising	84 60	0 00	84 60
Other Property Expenses	1,824 00	0 00	1,824 00
Insurance of Assets	0 00	4,093 08	4,093 08
IT- Server Access and Support	26,000 00	0 00	26,000 00
Vat on Purchases	39,459 95	(37,978 04)	1,481 91
	240,745 98	15,848.52	256,594 50
Net Receipts/(Payments)	150,370.01	36,155.74	186,525.75

BMI Hose (UK) Limited - in administration
 Summary of receipts and payments
 from 18 February 2013 to 19 November 2013

Statement of Affairs	From 18/02/2013 to 17/08/2013	From 18/08/2013 to 19/11/2013	Total
£	£	£	£

Made up as follows

Floating Current Account	150,370 01	36,155 74	186,525 75
	<u>150,370 01</u>	<u>36,155 74</u>	<u>186,525.75</u>

B Remuneration charged and expenses incurred by
the administrators in the period to 19
November 2013

	Charged/incurred in period 18 August 2013 to 19 November 2013	Cumulative charged/incurred to 19 November 2013	Of which paid to 17/08/2013
	£	£	£
Administrator's fees	77,374	227,374	150,000
Expenses	-	3,748	3,748
Professional fees			
Sue Thomas	-	1,433	1,433
ERA Solutions	-	2,090	2,090
Secure IT Disposal Ltd	-	103	103
Ardel OEM Limited	-	7,140	7,140
Cintas Document Management Ltd	-	195	195
Royal Mail	-	120	120
Courts Advertising Ltd	-	85	85
Shoosmiths LLP	-	14,069	14,069
Protronics	-	26,000	26,000
Legal fees			
Shoosmiths LLP	-	5,848	5,848
Agents/valuers			
GMS Property Support Services Ltd	-	1,824	1,824

Other			
Lantec Services Limited	-	43	43
JLT Speciality Limited	4,093	4,093	4,093

C SIP 9 information

Introduction

The following information is provided in connection with the administrators' remuneration and disbursements in accordance with SIP 9

Explanation of Grant Thornton UK LLP charging and disbursement recovery policies

Time costs

All partners and staff are charged out at hourly rates appropriate to their grade, as shown on the attached schedule. Details of the hourly charge-out rates are made available to creditors or committees at the time of fixing the basis of our fees. Support staff (ie secretaries, cashiers and filing clerks) are charged to the case for the time they work on it

	From 01/07/13
	£
Partners up to	600
Managers up to	455
Administrators up to	320
Assistants and support staff up to	220

Disbursements

Out of pocket expenses are charged at cost. Mileage is charged at standard rates which comply with HM Revenue and Customs limits or AA recommended rates. VAT is added to disbursement charges as necessary

BMI Hose (UK) Limited - in Administration - B30201926 - SIP 9 TIME COST ANALYSIS

Transaction period 18/02/2013 to 19/11/2013

	Partner		Manager		Executive		Administrator		Total	
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£
Administration and Planning	33 90	14,953 50	82 30	31,365 00	188 64	38,003 60	120 32	18,701 92	425 16	103,024 02
Creditors	26 05	11,542 00	7 10	2,264 50	86 40	19,398 22	60 35	9,267 25	179 90	42,471 97
Hiatus period										
Investigations	6 25	2,770 00	4 80	1,862 00	14 50	3,200 00	4 30	665 50	29 85	8,497 50
Realisation of Assets	9 00	3,960 00	4 75	1,472 50	262 25	58,571 00	38 30	5,808 00	314 30	69,811 50
Trading	6 70	2,948 00			20	46 00			6 90	2,994 00
Unclassified			1 90	475 00			2 00	100 00	3 90	575 00
Total	81 90	36,173 50	100 85	37,439 00	551 99	119,218 82	225 27	34,542 67	960 01	227,373 99

Total fees billed to date (Time) £ 150,000

D An extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the administrator

Rule 2 48A

- (1) If
 - (a) within 21 days of receipt of a progress report under Rule 2 47 -
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)
- (2) The administrator complies with this paragraph by either -
 - (a) providing all of the information asked for, or
 - (b) so far as the administrator considers that
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information,
 giving reasons for not providing all of the information
- (3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of -
 - (a) the giving by the administrator of reasons for not providing all of the information asked for, or
 - (b) the expiry of the 14 days provided for in paragraph (1),
 and the court may make such order as it thinks just
- (4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just

E An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the administrator's remuneration or expenses if excessive

Rule 2 109

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application may be made on the grounds that -
 - (a) the remuneration charged by the administrator,
 - (b) the basis fixed for the administrator's remuneration under Rule 2 106, or
 - (c) expenses incurred by the administrator,
 is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders -
 - (a) an order reducing the amount of remuneration which the administrator was entitled to charge
 - (b) an order fixing the basis of remuneration at a reduced rate or amount
 - (c) an order changing the basis of remuneration
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration
 - (e) an order that the administrator or the administrator's personal representative pay to the Company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify
 and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration