

Rule 2.47

Form 2.24B

The Insolvency Act 1986

**Administrators' progress report****2.24B**

Name of Company:  
Direct Drilling & Fire Protection Ltd

Company number:  
06289343

In the:  
Leeds District Registry

[full name of court]

Court case number:  
1168 of 2008

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

We (a) Michael E G Saville of Begbies Traynor, 9th Floor, Bond Court, Leeds, LS1 2JZ and Rob Sadler of Begbies Traynor, 9th Floor Bond Court, Leeds, LS1 2JZ

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

from / to

(b) Insert dates

(b) 5 February 2009 to 4 August 2009

Signed:

  
Joint Administrators

Dated:

27. 8. 09

**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

Begbies Traynor	
9th Floor, Bond Court, Leeds, LS1 2JZ	
	Tel Number: 0113 244 0044
Fax Number: 0113 244 5820	DX Number:



\*A8010CSN\*

AIQ 28/08/2009 42  
COMPANIES HOUSE

A66 31/07/2009 204  
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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

FRIDAY

Michael E G Saville and Rob Sadler appointed joint administrators  
on 5 August 2008

The affairs, business and property of the Company are being  
managed by the joint administrators, who act as the Company's  
agents.

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## **Direct Drilling & Fire Protection Ltd (In Administration)**

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### **Interim Report of the joint administrators pursuant to Rule 2.47 of The Insolvency Rules 1986**

**Period: 5 February 2009 to 4 August 2009**

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### **Contents**

- ☐ Company and administrators' details
- ☐ Progress during the period
- ☐ Assets that remain to be realised
- ☐ Other relevant information
- ☐ Conclusion
- ☐ Appendices
  - 1. Joint administrators' account of receipts and payments, incorporating estimated outcome for creditors
  - 2. Joint administrators' time costs and expenses

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## 1. COMPANY AND ADMINISTRATORS' DETAILS

Name of court:	Leeds District Registry
Court reference number:	1168 of 2008
Company registered number:	06289343
Registered office: address:	C/o Begbies Traynor, 9 <sup>th</sup> Floor, Bond Court, Leeds, LS1 2JZ
Names of joint administrators:	Michael E G Saville and Rob Sadler
Office addresses of joint administrators:	Begbies Traynor, 9 <sup>th</sup> Floor, Bond Court, Leeds, LS1 2JZ
Date of administrators' appointment:	5 August 2008
Person making appointment:	The Company's director John Fowkes
Acts of the joint administrators:	The joint administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
Administrators' term of office	The Administrators' term of office has been extended to 4 February 2010 by the creditors.

## 2. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is an estimated outcome statement for creditors for the period from 5 August 2008 to 4 August 2009.

Our comments on items appearing in this statement since the date of our last report are as follows.

### Receipts

#### *Book debts*

Since the date of Administration a total of £153,908 has been collected that is broken down as follows:

The Royal Bank of Scotland Invoice Finance (RBS IF)	£43,178
Addlestone Keane Solicitors	£17,403
Begbies Traynor	£93,327

The joint administrators and our solicitors are to be remunerated on a basis of 5% each on total receipts.

#### *Cash at bank*

The Company held a client account with Barclays Bank Plc. We have now received the final balance on the account being £8,384 and I am currently seeking legal advice on whether the balance is a fixed or floating charge realisation.

### Payments

The administrators' remuneration is based on hourly costs at scale rates calculated on the time properly spent in the course of the administration and was approved by a resolution of the secured creditor on 26 September 2008 and preferential creditors on 8 October 2008 pursuant to Rule 2.106 of the Insolvency Rules 1986.

Total remuneration drawn to date in accordance with the above approval amounts to £5,000. This can be broken down as £4,000 under RBSIF's fixed charge and £1,000 under the floating charge. Total time spent to 4 August 2009 on this assignment amounts to 303 hours at an average composite rate of £168 per hour resulting in total time costs to date of £50,918. The following further information as regards time costs and expenses is set out at Appendix 2:

- ☐ Begbies Traynor policy for re-charging expenses
- ☐ Begbies Traynor charge-out rates
- ☐ Summary of time costs incurred and summary by staff grade and work activity

## 3. ASSETS THAT REMAIN TO BE REALISED

We are currently liaising with RBS IF in respect of the outstanding book debts and in particular two major customers.

Our solicitors have prepared a report to the bank on these debts and we await their instructions regarding court action. I have asked Addlestone Keane to negotiate a final settlement of the debts but understand that the debtors are not willing to enter into any discussions.

## 4. OTHER RELEVANT INFORMATION

An administrator is required to consider the conduct of the company's directors and to make an appropriate submission to The Department for Business Innovation and Skills. We can confirm that we have discharged our duties in these respects.

In my previous report to creditors I enclosed a questionnaire for completion and I would like to thank all creditors and former employees for their responses. We are currently investigating whether Mr Kirk is personally liable for the debts of the Company, under Section 216 of The Insolvency Act 1986, having previously incorporated a similar entity, Direct Drilling Limited, that was placed into Creditors Voluntary Liquidation on 5 October 2007.

In accordance with RBS IF's acceptance of the administrators' proposals on the 26 September 2008 the Administration of the Company has been extended for a further six months to 4 February 2010 to enable further book debt realisations as well as pursuing further action against Mr Kirk.

## 5. CONCLUSION

I will report again in approximately six months time or at the conclusion of the administration, whichever is the sooner.

  
**ROB SADLER**  
Joint Administrator

Dated: 25 August 2009

# JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS, INCORPORATING ESTIMATED OUTCOME FOR CREDITORS

Period 5 August 2008 to 4 August 2009

	Receipts & Payments to date £	Anticipated Receipts & Payments £	Projected Outcome £
<b>ASSETS SPECIFICALLY PLEDGED</b>			
Book debts received by Administrators	93,327	-	93,327
Book debts received by Addlestone Keane	17,404	-	17,404
Book debts received by RBS IF	43,178	-	43,178
Balance at Barclays Bank Plc *	8,384	-	8,384
<i>Costs of realisation</i>			
Administrators' fees	(4,000)	(3,695)	(7,695)
Legal fees	-	(7,695)	(7,695)
Legal expenses	(887)	-	(887)
Estimated funds available to distribute to fixed chargeholder	157,407	(11,391)	146,016
Less: RBS IF	(135,355)	(214,645)	(350,000)
Estimated shortfall to fixed chargeholder c/d	22,052	(226,036)	(203,984)
<b>Assets not specifically pledged</b>			
Plant & machinery	5,545	-	5,545
Bank interest gross	51	-	51
	5,596	-	5,596
<b>Less costs of realisation</b>			
Administrators' fees	(1,000)	(2,275)	(3,275)
Agents fees	(550)	-	(550)
Auctioneers costs	(1,369)	-	(1,369)
Bordereau (statutory bond)	(55)	-	(55)
Re-direction of mail	(52)	-	-
Insurance	(105)	-	(105)
Bank charges	(7)	-	(7)
Statutory advertising	(183)	-	(183)
Available for preferential creditors	2,275	(2,275)	0
Arrears of wages and holiday pay	-	(30,300)	(30,300)
Net Property	2,275	(32,575)	(30,300)
Prescribed part of net property set aside for unsecured creditors	-	-	-
<b>Net property available for the floating chargeholder</b>	2,275	(32,575)	(30,300)
<b>Floating charge holder - RBS IF</b>			(203,984)
Estimated deficiency of assets after floating charges			(234,285)
<b>Unsecured creditors</b>			
HM Revenue and Customs PAYE			(103,716)
HM Revenue and Customs VAT			(5,549)
Trade and expense creditors			(94,257)
			(203,522)
Shortfall to floating charge holder b/d			(234,285)
<b>Total deficiency as regards creditors</b>			(437,807)
<b>Summary of balances held as at 4 August 2009</b>			
Balance at bank	2,275		

\* Legal advice is currently being sought as to whether the funds held in the Company's bank account at the date of the Administration are fixed or floating charge realisations

## JOINT ADMINISTRATORS' TIME COSTS AND EXPENSES

- a. Begbies Traynor policy for re-charging expenses;
- b. Begbies Traynor charge-out rates;
- c. Summary of time costs incurred and summary by staff grade and work activity;

## POLICY FOR RE-CHARGING EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

### INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Standard professional practice<sup>1</sup> requires that such charges should be disclosed to those who are responsible for approving his remuneration, together with an explanation of how those charges are made up and the basis on which they are arrived at.

### DEFINITIONS

Required professional practice classifies expenses into two broad categories:

- *Category 1 expenses (approval not required)* – specific expenditure that is directly related to a particular insolvency case, where the cost of the expense incurred is referable against an independent external supplier's invoice or published tariff of charges;
- *Category 2 expenses (approval required)* – all other items of expenditure:
  - Which cannot, or cannot easily, be directly related to a particular insolvency case because there is an element of shared or allocated cost; and/or
  - Where the cost of the expense incurred is an estimated, unitised cost with the estimate based on external costs or opportunity cost.

### CHARGING POLICY

- *Category 1 expenses (approval not required)* – with the exception of any items referred to below, all such items are re-charged to the case as they are incurred.
- *Category 2 expenses (approval required)*
  - (A) The following items of expenditure are re-charged as described:
    - Internal meeting room usage for the purpose of statutory meetings of creditors is re-charged at the rate of £100 (London £150) per meeting;
    - Car mileage is re-charged at the rate of 40 pence per mile;
    - Storage of books and records (when not rechargeable as a *Category 1 expense*) is recharged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates;
  - (B) The following items of expenditure will normally be treated as general office overheads not subject to a re-charge:
    - Telephone and facsimile
    - Printing and photocopying
    - Stationery

A re-charge may be made, however, where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*.

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<sup>1</sup> Statement of Insolvency Practice 9 (SIP 9) effective from April 2007

## **BEGBIES TRAYNOR CHARGE-OUT RATES**

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions.

The rates applying to the Leeds office as at the date of this report are as follows:

<b>Grade of staff</b>	<b>Charge-out Rate (£ per hour)</b>
Partner	350
Senior Manager	295
Manager	250
Assistant Manager	195
Senior Administrator	160
Administrator	130

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in units of 0.10 of an hour (i.e. 6 minute units).



Direct Drilling & Fire Protection Ltd  
Time costs analysis for the period from 5 August 2008 to 4 August 2009

[illegible]

-	0.80	8.50	-	-	-	-	9.30	2,768	297.58
4.70	0.80	2.20	-	-	-	13.10	42.10	6,195	147.15
-	2.30	4.50	-	-	7.60	29.90	44.30	7,178	162.03

2.80	0.90	9.50	-	-	9.50	-	22.70	5,310	233.92
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[illegible][illegible][illegible][illegible]

	27.20	7.10	29.60	-	-	10.70	198.20	15.10	14.60	302.50	
	9,520	2,218	8,732	-	-	1,712	25,766	1,510	1,460		50,918
	350.00	312.32	295.00			160.00	130.00	100.00	100.00		168.32

5,000