

The Insolvency Act 1986

Administrator's progress report

Name of Company

OS (Realisations) Limited ✓

Company number

06331642 ✓

In the
High Court of Justice, Birmingham District
Registry

(full name of court)

Court case number
8270 of 2015(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
Ian Pankhurst
Cobalt
Concorde House
Trinity Park
Solihull
B37 7UQ

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

From

(b) Insert date

(b) 30 July 2015

To

(b) 29 January 2016

Signed

Administrator

Dated

23 February 2016

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

Ian Pankhurst
Cobalt
Concorde House
Trinity Park
Solihull
B37 7UQ

DX Number

0121 647 7380
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

TUESDAY



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COMPANIES HOUSE

**Administrator's Progress
Report**

**For the period
30 July 2015 to 29 January
2016**

**OS (Realisations) Limited –
In Administration**

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THE ADMINISTRATOR'S PROGRESS REPORT

1 Statutory information

- 1 1 I was appointed Administrator of the Company on 30 July 2015. The appointment of an Administrator was made by the directors of the Company.
- 1 2 This Administration is being handled by Cobalt at Concorde House, Trinity Park, Solihull, B37 7UQ. The Administration is registered in the High Court of Justice, Birmingham District Registry, reference number 8270 of 2015.
- 1 3 The trading address of the Company was Units 6-7 Morston Court, Kingswood Lakeside, Cannock, Staffordshire, WS11 8JB.
- 1 4 The registered office of the Company is Cobalt, Concorde House, Trinity Park, Solihull, B37 7UQ and its registered number is 06331642. On 15 September 2015 the Company's name was changed from Odour Services International Limited to OS (Realisations) Limited.

2 Progress of the Administration

- 2 1 Attached at Appendix A is my Receipts and Payments Account for the period from 30 July 2015 to 29 January 2016.
- 2 2 Upon my appointment the Company's Goodwill and Intellectual Property, Office Furniture and Equipment, Plant and Machinery, Stock and Work In Progress were sold on a pre-packaged basis to Processus Limited ("the Purchaser"). The employees were transferred to the Purchaser under the TUPER regulations.
- 2 3 The total consideration was £81,500. An initial payment of £65,000 was paid on 12 August 2015 and the balance was paid in instalments. The apportionment of the consideration was Goodwill and Intellectual Property £58,097.52, Office Furniture and Equipment £9,902.48, Plant and Machinery £2,000, Stock £5,000 and Work In Progress £6,500. Goodwill and Intellectual property are classed as fixed charge realisations whereas the other assets are deemed to be floating charge assets.
- 2 4 The Administrator must perform his functions with the purpose of achieving one of the following objectives:

OS (Realisations) Limited - In Administration

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

2 5 The sale of the Company's assets has resulted in the achievement of the second objective, namely 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) Trading in Administration was not viable and the goodwill of the Company would have been very quickly eroded In addition, the sale retained the value of the business and continuity of employment for the majority of the workforce

2 6 In accordance with Statement of Insolvency Practice No 13 (SIP13), I would advise you that the following assets were sold to directors of the Company

Date of transaction	Asset involved and nature of transaction	Consideration Paid and Date	Sold to	Relationship
30 July 2015	Goodwill and Intellectual Property, Office Furniture and Equipment Plant and Machinery, Stock, and Work In Progress	£81,500 paid between 30 July 2015 and 26 November 2015	Processus Limited	Directors Matthew Wilkes and John Geary

3 Assets still to be realised

Book Debts

3 1 The Company's book debts are subject to a factoring agreement with Bibby Financial Services Limited ('Bibby') At the date of my appointment the outstanding ledger was £613,130 and Bibby were owed £140,881 not including termination fees and charges Collections are ongoing but due to disputed debts it is expected there may be a shortfall to Bibby

Directors Loans

3 2 The accounts for the Company show that the directors have overdrawn loan accounts totalling £113,000 I have entered into discussions with the directors concerning these accounts They

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have provided additional information which I am currently considering that suggests there were no outstanding balances at the date of my appointment. This will be reviewed further.

Refund of Bond

- 3.3 The Company paid a performance Bond of approximately £180,000 to Technical & General Guarantee Company SA which is now in Liquidation. This has become subject to legal proceedings by a number of parties which are still ongoing. I anticipate a dividend will be paid to creditors in due course, although the quantum is not yet known and will be subject to the costs of litigation.

R&D credits

- 3.4 I have been made aware that there may be a possible tax credit due to the Company, and have discussed this with the Company's former accountants. I do not believe this can be taken forward due to the level and likely cost of work involved and the likelihood that Crown set-off will be applied to any possible realisation.

Retentions

- 3.5 I understand certain retentions may be due once the Purchaser has received payment for work in progress. I will discuss this with the Purchaser in due course.

4 Investigations

- 4.1 In accordance with the Company Directors Disqualification Act 1986 I have submitted a report on the conduct of the Directors of the Company to the Department for Business Innovation & Skills (BIS). As this is a confidential report, I am not able to disclose the contents.
- 4.2 Shortly after appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors as a response to my request to complete an investigation questionnaire. My investigations have not revealed any issues requiring further report.

5 Administrator's Remuneration

- 5.1 The Creditors approved that the basis of the Administrator's remuneration be fixed by reference to the time properly spent by him and his staff in managing the Administration.

OS (Realisations) Limited - In Administration

- 5.2 My time costs for the period from the date of appointment are £47,099.00. This represents 166.6 hours at an average rate of £282.71 per hour. Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during this period in respect of the costs fixed by reference to time properly spent by me in managing the Administration. To date, £10,000.00 has been drawn on account.
- 5.3 Of the time costs detailed at Appendix B, creditors will note that, for example, 34.1 hours have been spent under the category "Administration and Planning" by the case manager. This category of time consists of formalities such as reviewing the working file to ensure all statutory and compliance requirements are adhered to and monitoring of case progression. All other codes noted at Appendix B all relate to costs incurred in progressing the matter.
- 5.4 Attached as Appendix D is additional information in relation to this firm's policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade.

6 Administrator's Expenses

- 6.1 The following expenses have been incurred since my appointment as Administrator:

Supplier / Service Provider	Nature of expense incurred	Amount incurred to date £	Paid to date £	Amount Outstanding £
Neil Davies & Partners	Legal costs relating to sale of assets	5,006.00	5,006.00	0.00
Pearl & Young	Legal costs relating to formalities of appointment	2,500.00	2,500.00	0.00

7 Estimated outcome for creditors

- 7.1 An Estimated Outcome Statement as at 23 February 2016 is attached at Appendix D.

Secured Creditors

- 7.2 Lloyds TSB Bank plc holds fixed and floating charges over the Company's assets created on 1 July 2008. At the date of the Administration the indebtedness to the secured creditor was estimated at £58,000 and was agreed at £58,097.82. This sum has now been fully repaid.

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- 7.3 The Company's book debts are subject to a factoring agreement with Bibby Financial Services Limited ('Bibby') subject to fixed and floating charges created on 28 October 2009. At the date of my appointment the outstanding ledger was £613,130. However there were a number of disputed invoices/applications which are unlikely to be realised. At the date of my appointment Bibby were owed £140,881 but this did not take into account any termination fees that Bibby will apply to the account. It is expected that based on present information there may be a shortfall to Bibby.

Preferential Creditors

- 7.4 A summary of preferential claims is detailed below

Preferential claim	Agreed Claim £	Statement of Affairs Claim £	Dividend paid p in the £1
Employee claims	0.00	57,684.00	0p in the £1 paid
Department for Business Innovation & Skills (BIS)	14,585.46	48,757.00	0p in the £1 paid

- 7.5 I do not anticipate that funds will become available to distribute to preferential creditors.

Unsecured Creditors

- 7.6 I have received claims totalling £1,076,060.01 from 195 creditors. I have yet to receive claims from 160 creditors whose debts total £1,094,958.11 as per the Company's statement of affairs.
- 7.7 The Company granted a floating charge to Bibby on 28 October 2009. Accordingly, I am required to create a fund out of the Company's net floating charge property for unsecured creditors known as the 'Prescribed Part'. However it is expected that Bibby will be repaid from the book debts and will therefore not be due any payment from the floating charge property.
- 7.8 Based on current information and estimates I do not anticipate that funds will become available to distribute to unsecured creditors.

8 Ending the Administration

Creditors Voluntary Liquidation

- 8 1 Based on present information, the Administrator thinks it unlikely that a dividend will be paid to the unsecured creditors as this is dependent on asset realisations. Should funds become available, the Administrator will either make an application to court to enable him to make a distribution to unsecured creditors in the Administration or he will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation (CVL) to facilitate this distribution. It is proposed that the Administrator will also become the Liquidator of the CVL.

Dissolution of the Company

- 8 2 If the Administrator thinks that the Company has no property which might permit a distribution to its unsecured creditors, it is proposed that he file a notice together with his final progress report at Court and with the Registrar of Companies for the dissolution of the Company. He will send copies of these documents to the Company and its creditors. The Administrator's appointment will end following the registration of the notice by the Registrar of Companies.
- 8 3 The Administrator will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon his appointment as Administrator ceasing to have effect.

9 Creditors' rights

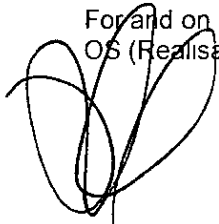
- 9 1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Administrator provide further information about his remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 9 2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Administrator's remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Administrator, as set out in this progress report, are excessive.

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10 Next report

- 10.1 The Administrator is required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised or he wishes to extend it

For and on behalf of
OS (Realisations) Limited

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned over the text 'For and on behalf of OS (Realisations) Limited'.

Ian Pankhurst
Administrator

OS (Realisations) Limited - In Administration

**Receipts and Payments Account for the Period from 30 July 2015 to 29
January 2016**

Appendix A

OS (Realisations) Limited
(In Administration)

Administrator's Abstract Of Receipts And Payments
To 29 January 2016

RECEIPTS	Statement of Affairs (£)	Total (£)
Goodwill & Intellectual Property	NIL	58,097 52
Book Debts	155,179 00	0 00
Plant & Machinery	2,000 00	2,000 00
Furniture & Equipment	9,902 48	9,902 48
Stock	5,000 00	5,000 00
Work In Progress	6,500 00	6,500 00
Retentions	Uncertain	0 00
Director's loans	Uncertain	0 00
R&D Credit	Uncertain	0 00
Performance Bond	Uncertain	0 00
		<hr/>
		81,500 00
		<hr/>
PAYMENTS		
Less Amount due to Lloyds Bank plc	(58,000 00)	58,097 82
Less Amount due to Bibby	(140,881 00)	0 00
Office Holders Fees		10,000 00
Legal Fees (1)		7,506 00
RPO Arrears & Holiday Pay	(37,543 00)	0 00
Employee Arrears/Hol Pay	(21,779 00)	0 00
Trade & Expense Creditors	(1,701,455 00)	0 00
Employees- Redundancy and PILON	(28,612 00)	0 00
RPO-Redundancy and Pay In Lieu Of Notice	(19,671 00)	0 00
HM Revenue & Customs - VAT	(162,253 46)	0 00
HM Revenue & Customs - Direct Taxes	(115,854 61)	0 00
Ordinary Shareholders	(100 00)	0 00
		<hr/>
		75,603 82
		<hr/>
Net Receipts/(Payments)		<hr/> 5,896 18 <hr/>

MADE UP AS FOLLOWS

Vat Receivable	3,001 20
Bank 1 Current	2,894 98
	<hr/>
	5,896 18
	<hr/>

OS (Realisations) Limited - In Administration

Time Analysis for the Period from 30 July 2015 to 29 January 2016

Appendix B

Time Entry - SIP9 Time & Cost Summary

ODQU001 - OS (Realisations) Limited
Project Code POST
From 30/07/2015 To 29/01/2016

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration and Planning	16 00	34 10	2 55	0 00	52 65	14 871 50	282 46
Case Specific Matters	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	9 85	40 45	14 60	0 00	64 90	15 846 25	241 08
Investigations	0 00	4 45	0 00	0 00	4 45	1,112 50	250 00
Realisation of Assets	34 55	10 05	0 00	0 00	44 60	15 468 75	346 83
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	60 40	89 05	17 15	0 00	166 60	47,099 00	282 71
Total Fees Claimed						10,000 00	
Total Disbursements Claimed						0 00	

OS (Realisations) Limited - In Administration

Estimated Outcome Statement as at 23 February 2016

Appendix C

Estimated Outcome Statement as at 23 February 2016

	£
Assets subject to Fixed Charge	
Goodwill	58,098
Available to Lloyds Bank plc	58,098
Amount due to Lloyds Bank plc	(58,098)
Surplus / (deficit) to Lloyds Bank plc	nil
Book Debts	155,179
Available to Bibbys	155,179
Amount due to Bibbys	(140,881)
Surplus / (deficit) to Bibbys	14,298
Assets Subject to Floating Charge	
Book debt surplus	14,298
Plant & machinery	2,000
Furniture & equipment	9,902
Stock	5,000
Work in progress	6,500
Retentions	Uncertain
Directors loans	Uncertain
R&D Credit	Uncertain
Performance Bond (Dividend in liquidation)	1,000
Less	
Costs of Administration - say	(60,000)
	(21,300)
Preferential creditors	(72,269)
Surplus / (deficit) available for unsecured creditors	(93,569)

**Additional Information in Relation to Administrator's Fees Pursuant to
Statement of Insolvency Practice 9**

Appendix D

1 Policy

Detailed below is Cobalt's policy in relation to

- staff allocation and the use of sub-contractors,
- professional advisors, and
- disbursements

1.1 Staff Allocation and the use of Sub-contractors

The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

We are not proposing to utilise the services of any sub-contractors in this case.

1.2 Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Neil Davies & Partners (legal advice)	Fixed fee
Pearl & Young (consultancy)	Fixed fee

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

13 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

We would confirm that this firm does not seek to charge any Category 2 disbursements.

2 Charge-out Rates

A schedule of Cobalt charge-out rates for this assignment effective from 1 April 2010 is detailed below.

	(Per hour) £
Office Holder	375
Associate Director	250 - 320
Manager	180 - 250
Other Senior Professionals	100 - 180
Assistants / Support Staff	50 - 100

Please note that this firm records its time in minimum units of 6 minutes.