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refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 1 1 1 6 5 0 9 4

Company name in full T.G. Engineering Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Paul

Surname Flint

3 Administrator's address

Building name/number Suite 3 Regency House

Street 91 Western Road

Post town Brighton

County/Region

Postcode B N 1 2 N W

Country

4 Administrator's name ①

Full forename(s) Mark Granville

Surname Firmin

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Suite 3 Regency House

Street 91 Western Road

Post town Brighton

County/Region

Postcode B N 1 2 N W

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	<div><div>d</div><div>2</div></div>	<div><div>d</div><div>8</div></div>	<div><div>m</div><div>0</div></div>	<div><div>m</div><div>4</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	
To date	<div><div>d</div><div>2</div></div>	<div><div>d</div><div>7</div></div>	<div><div>m</div><div>1</div></div>	<div><div>m</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	

7 Progress report

☐ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X

Paul Li

X

Signature date

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y

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**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Dimitri Golovanovs**

Company name **Alvarez & Marsal Europe LLP**

Address **Suite 3 Regency House**

91 Western Road

Post town **Brighton**

County/Region

Postcode **B N 1 2 N W**

Country

DX

Telephone **+44 (0) 20 7715 5200**

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

All information on this form will appear on the public record.

**Where to send**

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

**Further information**

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This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

T.G. Engineering Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 28/04/2020 To 27/10/2020 £	From 28/04/2020 To 27/10/2020 £
	FIXED CHARGE ASSETS		
	Goodwill	48,000.00	48,000.00
110,000.00	Book Debts	NIL	NIL
	Bank Interest	1.21	1.21
		48,001.21	48,001.21
	ASSET REALISATIONS		
	Book Debts	13,340.63	13,340.63
30,692.00	Cash at Bank	30,691.98	30,691.98
	Dowty Stock & WIP	76,289.39	76,289.39
	Licence Fees	33,751.76	33,751.76
760,000.00	Plant & Machinery	175,000.00	175,000.00
190,000.00	Stock & WIP	102,345.93	102,345.93
		431,419.69	431,419.69
	OTHER REALISATIONS		
	Bank Interest	50.08	50.08
	Sundry Refunds	0.10	0.10
		50.18	50.18
	COST OF REALISATIONS		
	Bank Charges	18.00	18.00
	Contractor Costs	15,031.76	15,031.76
	Other Property Expenses	3,384.27	3,384.27
	Re-direction of Mail	216.00	216.00
	Rents Payable	55,923.89	55,923.89
	Statutory Advertising	95.50	95.50
	Storage Costs	3,900.00	3,900.00
	Telephone	872.87	872.87
	Wages & Salaries	1,794.12	1,794.12
		(81,236.41)	(81,236.41)
1,090,692.00		398,234.67	398,234.67
	REPRESENTED BY		
	Fixed Charge Current		50,401.21
	Fixed VAT Payable		(2,400.00)
	Floating Charge Current		357,100.43
	Floating VAT Payable		(3,374.44)
	Floating VAT Receivable		1,046.67
	Purchase Ledger (Trade Creditors)		(4,539.20)
			398,234.67

T.G. ENGINEERING LIMITED – IN ADMINISTRATION

Joint Administrators' first progress report

For the period from 28 April 2020 to 27 October 2020

25 November 2020

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1 Executive summary

- The Directors resolved on 28 April 2020 to appoint Joint Administrators. The notice of appointment was lodged at the High Court of Justice Business and Property Courts in Manchester on 28 April 2020. On this date, Paul Flint and Mark Firmin of Alvarez & Marsal Europe LLP (“A&M”) were appointed as Joint Administrators (“we”/“us”/“our”) of T. G. Engineering Limited (the “Company”).
- This progress report covers the period from the date of our appointment to 27 October 2020.
- We delivered our statement of proposals (“proposals”) to all known creditors on 19 June 2020. They were deemed approved without modification on 1 July 2020.
- Following our appointment there were extensive discussions held between North West Precision Limited (the “Purchaser” or “NWP”) and one of the Company’s main customers, Dowty Propellers (“Dowty”), which resulted in a sale of part of the Company’s business and associated assets (relating primarily to the Dowty business) to the Purchaser on 3 June 2020 for £102,500 which is currently being paid on a deferred basis. (Section 2 – Strategy and progress of to date).
- As part of the above transaction, work in progress (“WIP”) associated with the Dowty business totalling £89,948 plus VAT, will be sold to the Purchaser once the WIP has been converted by the Purchaser into finished goods. To date, we have received £68,789.39, plus VAT, in relation to WIP and a further £7,500 relating to finished goods. (Section 2 – Strategy and progress of to date)
- Stock and WIP, not relating to Dowty, was sold to various customers. In the period of this report, we have realised £102,345.93 in this regard (Section 2.2 – Asset Realisations).
- Sanderson Weatherall LLP (“SW”/“our agents”) were instructed to prepare and hold an online auction to dispose of the Company’s remaining plant & machinery. The auction resulted in sale proceeds of £584,072.50. In addition, our agents undertook private treaty sales totalling £80,000 (Section 2.2 – Asset Realisations).
- The proceeds from the online auction enabled SW to pay the outstanding balance of £271,000 due to the finance providers of the plant and machinery (Section 2 – Strategy).
- The first ranking secured creditor, Bibby Financial Services Limited (“Bibby”), have been repaid their indebtedness, including interest and termination charges, in full from book debt proceeds (Section 3.1 – Dividend prospects and dividends paid).
- We anticipate that Verso Holdings Limited (“Verso”) will receive a part distribution against their outstanding secured indebtedness (Section 3.1 – Dividend prospects and dividends paid).
- Capital for Colleagues Plc (“C4C”) are highly unlikely to receive a distribution against their secured indebtedness (Section 3.1 – Dividend prospects and dividends paid).
- Based on current estimates, we anticipate that the preferential creditors should receive a dividend of approximately 100p in the £. The timing and quantum of any dividend are dependent upon the realisations and associated costs of the administration (Section 3.2 – Dividend prospects and dividends paid).

- Based on current estimates, we anticipate that the unsecured creditors should receive a dividend via virtue of the Prescribed Part. We have yet to determine the amount of this, but we will do so when we have completed the realisation of assets and the payment of associated costs (Section 3.3 – Dividend prospects and dividends paid).
- During the period of this report, we have put forward a proposal to the secured creditors regarding the basis of our remuneration. We will then seek approval from the preferential creditors. We will update creditors on the outcome of those discussions in our next progress report (Section 4.1 Joint Administrators' remuneration, disbursements and pre-administration costs).
- Please note you should read this progress report in conjunction with our proposals which were issued to the Company's creditors and are available on the Portal. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Paul Flint
Joint Administrator

2 Progress to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our proposals.

2.1.1

As reported in our proposals, upon appointment it was not possible to trade the Company due to the lack of cash in the business and the key customers were not willing to fund a trading period. Consequently, there was no alternative but for the business to cease to trade on the date of our appointment. As explained in our proposals, on appointment, we pursued a sale of business and further detail can be found in section 2.1.2.

At the date of our appointment, 46 of the 48 employees were made redundant, with the two remaining employees being retained for a short period to provide assistance to us. They have since been made redundant.

The Company's main asset was the plant and machinery which was subject to a hire purchase agreement. Due to the filing of a notice of intention to appoint administrators, the Company was deemed to have defaulted on its hire purchase agreement and the finance company took steps to terminate the contract. This resulted in title to the assets vesting in the finance company and not the Company. Discussions were held between the finance company and ourselves as administrator in waiting. It was agreed that, on the basis the finance company were paid the sum due on termination of the agreement, any equity in the assets over and above their indebtedness would be available to the estate for the benefit of the Company's creditors.

Plant and machinery which was not included within the sale to NWP (please see below) was either sold via private treaty sales or an online auction held by our agents, SW.

The online auction realised a total of £584,072.50, in addition the private treaty sales of plant and machinery realised a further £80,000.

As detailed above, title to the plant and machinery vested with the finance company until they were repaid their indebtedness in full. As a result, NWP acquired plant and machinery in relation to the Dowty business totalling £210,000 from the finance company directly. This transaction reduced the finance providers indebtedness to approximately £271,000 from circa. £481,000, ahead of the online auction taking place.

The proceeds realised from the online auction and private treaty sales enabled our agents to pay the outstanding balance in full to the finance providers and the excess amount will now be available to the estate for the benefit of the Company's creditors.

2.1.2

As stated in our proposals, following a period of negotiations after our appointment, certain of the Company's business and assets were sold to NWP on 3 June 2020. NWP and Verso are

connected by way of common directors and ultimate controllers. One of the directors of NWP is also a former director of the Company (resigned 31 July 2018).

The consideration payable per the sales agreement is £102,500 plus VAT. Consideration was split as follows:

- Goodwill - £95,000
- Finished goods - £7,500

Of the amounts listed above, the Company in administration was paid £7,500 immediately upon the signing of the sales agreement with the remaining consideration being paid on a deferred basis by no later than January 2021. The additional £7,500 received related to the finished goods held by the Company on the date the sale completed.

In the period of this report, £48,000 has been received for goodwill. The remaining consideration will continue to be paid on a deferred basis as per the terms of the sale agreement, with the final payment relating to goodwill due at the end of January 2021.

In addition, NWP has entered into an agreement to acquire certain items of the Company's WIP specific to the Dowty business. Per the sales agreement, title to the WIP will transfer to NWP once it is complete and ready to be invoiced, at which point NWP will pay the administration estate the WIP value agreed on an invoice by invoice basis. The value of WIP sold on this basis totals £89,948 plus VAT. Of this, a total of £68,789.36 has been received in the period, with a further £7,500 also received which related to Dowty finished goods acquired at the time the sale to NWP completed.

As part of the sales agreement, the Company has taken a debenture over NWP and, in addition, a personal guarantee has been provided by the three directors of NWP. This security was taken to protect the administration estate against non-payment of any elements of the deferred consideration and WIP.

NWP entered into an initial three month licence to occupy ("LTO") in order to continue to trade from part of the Company's trading premises. The LTO was extended to five months to give NWP sufficient time to find, and begin the process of relocating to their new premises. This followed as a result of NWP being unable to reach an agreement with the landlord of the current site. In the period, NWP has paid a total of £33,751.76 in licence fees to the administration estate.

As detailed above, in addition, NWP paid £210,000 directly to the finance company for plant and machinery on site that remained the title of the finance company. This reduced the finance providers indebtedness to approximately £271,000 ahead of the online auction that SW held on our behalf.

Realisations during the period of this report are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the period are provided below.

As per section 2.1.2 (Sale of the business), we have received the following amounts into the estate as result of the sale of certain of the Company's business and assets to NWP during the period of this report:

- Dowty Stock & WIP - £68,789.39

- Dowty Finished Goods - £7,500
- Goodwill - £48,000

We will continue to collect monies in line with the terms of the sale of assets agreement noted above.

In addition NWP has paid into the administration estate £33,751.76 in the period in respect of licence fees relating to its occupation of certain of the trading units on site.

The Company's pre-appointment bank accounts held a balance of £30,692 on appointment. These monies have been transferred to the post-appointment bank account under our control.

Excess stock and WIP not included in the above sales agreement has been sold to a number of customers. In the period of this report, we realised a total of £102,345.93.

It is not envisaged that there will be any further realisations in this regard.

The Company's debtor book totalled approximately £118,000 as at the date of administration. Bibby had taken an assignment of the book debts as a result of their invoice discount agreement. Following our appointment, debtor receipts have continued to be remitted into a trust account under Bibby's control. Bibby's indebtedness at appointment totalled approximately £119,000 inclusive of interest and charges which were added to the facility prior to our appointment.

Following negotiation between us and Bibby, it was agreed that approximately £18,500 of the termination charges that were applied prior to our appointment would be refunded. This balance was deducted from Bibby's indebtedness. This negotiation allowed us to recover a surplus of £13,340.63 and to transfer it into the estate for the benefit of the Company's creditors. It is unlikely that there will be any further material realisations in respect of the Company's book debts, as the small amount of remaining debt is all subject to a dispute in one form or another.

During the period of this report, Bibby's indebtedness has been repaid in full.

Following our appointment, and in the absence of a buyer for the entire business, SW were instructed to prepare for and hold an online auction. This resulted in the sale of the Company's remaining plant & machinery realising a total of £584,072.50. In addition to the auction proceeds, private treaty sales were also completed by SW which totalled a further £80,000.

In the period of this report, we have received £175,000 of the money realised from the online auction and private treaty sales.

As detailed above, in section 2.1 (Strategy), £271,000 of the proceeds from the auction were paid by SW directly to the finance company to settle the outstanding balance that remained on the finance agreement in respect of the plant and machinery. We await receipt of the balance of funds from our agents.

2.2.1

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

We have complied with the relevant statutory requirements by submitting the online director conduct assessment to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential.

If you wish to bring to our attention any matters which you believe to be relevant please do so by writing to Dimitri Golovanovs at Alvarez & Marsal Europe LLP, Suite 3 Regency House, 91 Western Road, Brighton, BN1 2NW.

Payments made in the period of this report are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made during the period of this report are provided below.

Gross wages of £1,794 were paid to two employees that were retained on a short term basis to assist us immediately following our appointment.

During the period of this report, we paid £13,058 to contractors who were engaged to assist us in our statutory duties. These costs can be broken down by the following:

- As stated in our proposals, we used contractors who were, in the main, former employees of the Company because of their prior knowledge of the Company's customers and systems.

Payments of £6,621.69 were made to these contractors during the period of this report, primarily they were utilised to assist with realisation of the WIP and stock.
- Following our appointment, we instructed Clumber to assist employees with their redundancy, pay in lieu of notice, unpaid wages and holiday pay claims against the Company. Their fee for this service totalled £3,795.

Clumber have also been instructed to review the Company's pre-appointment pension scheme to advise us of amounts outstanding under this pension obligation. The sum of £500 has been paid. No further payments in respect of this work are anticipated.

Whilst the work carried out by the above contractors could, in theory, have been carried out by us and our staff, it was concluded that it was better to appoint the contractors due to the specialist nature/knowledge of the work they were doing, as well as it being more cost-efficient to the administration estate.
- 2c were the pre-appointment IT service provider, and as such we used them to extract the Company's data and files that assisted with realisation of the Company's assets (access to the systems), and allowed us to back up the Company's IT system to assist with its investigative duties.

The fee paid for their services was £2,100, this included an outstanding balance that was due to them prior to our appointment, which if not paid, 2c would not allow access to the system during the administration. Additional costs for services of

£1,973.40 have been incurred but not paid. No further costs are anticipated for their services.

2c was chosen to do this work due to their extensive prior knowledge of the Company's systems that allowed them to extract the required data efficiently and thus, saving costs.

-

Lastly, £42 was paid to open a mailbox to manage any incoming mail.

Payments amounting to £872.87 were made to maintain the supply of telecommunication services to the Company. This included an amount due prior to our appointment which if not paid would have resulted in the lack of any broadband service on site.

It was essential to continue the provision of telecommunication services in order to secure the realisation of surplus stock, and the sale of the business to NWP.

T Davies Builders Ltd were used to remove, catalogue and where necessary, confidentially, destroy the Company's books and records. This was required to enable us to comply with our statutory duties.

An amount of £3,900 was charged for these services. T D Builders Ltd were selected due to their availability and the quote received was lower than other firms who provide a similar service, and quoted for the work.

From the date of our appointment, £55,923.89 has been paid to the landlords in respect of the rent due on the premises occupied by the Company.

As discussed in section 2.1.2, on completion of the sale, NWP entered into a LTO agreement with us to occupy c.50% of the Company's trading premises (two units out of four). NWP have paid the administration estate a total of £33,751.76 in respect of licence fees relating to the two units they occupy, this covered five months of their occupation.

A further £1,575.02 has been paid to cover property expenses charged by the landlords (maintenance, water and insurance charges). A proportion of these costs have been paid by NWP as per the terms of the licence agreement.

It is expected that a further £1,809.25 will be paid to the landlord in respect of additional insurance, water sewerage charges which have been incurred in the period but not yet paid.

The rent payable in the period includes a full month of rent on all the units prior to the sale of business to NWP completing, and a further contribution from the Company in administration of 45% towards the LTO fee until 31 July 2020. This contribution was made because the Company's plant and machinery remained on site in part in the units NWP occupied. This was the situation until the plant was sold either via the online auction or on a private treaty basis.

The following other costs have been paid in the period since our appointment:

- Bank charges: £18
- Re-direction of mail: £216

- Statutory advertising: £95.50

All third-party costs have been reviewed on a regular basis, against the terms and conditions agreed with each party.

We have detailed the costs incurred during the period of this report, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

Summaries of the most significant expenses which have been incurred in the period of this report but have not yet been paid are provided below.

Iron Mountain (UK) Plc ("IM") was used store the Company's books and records. Storage of the books and records is necessary to enable us to comply with our statutory duties. £181.51 has been incurred to the date of this report.

As mentioned in section 2.2, SW were engaged to prepare and hold an online auction to realise the Company's plant and machinery not included in the sale to NWP. Under the terms of SW condition of sale, they receive a buyer's premium as a percentage of any items sold at auction.

With regard to disbursements that SW incurred in preparing and holding the auction, the sum of £23,616.97 has been incurred to date by SW.

We engaged Shoosmiths LLP to provide assistance with the drafting and negotiation of the sale agreement for the transaction with NWP, along with other ad hoc matters. We also requested their specific advice regarding the validity of the appointment and securities held by the secured creditors. They were chosen due to their reputation and experience in these matters.

To date, Shoosmiths LLP have advised us that they have accrued time of £27,500.

As stated previously, 2c was the pre-appointment IT services we used to extract the Company's data and files that assisted with both securing Company data, and assisting with the realisation of the assets. Additional costs for their services of £1,973.40 have been incurred but not paid. No further costs are anticipated for their services.

It is expected that a further £1,809.25 will be paid to the landlord in respect of other property expenses. As such, we have accrued for this cost.

3 Dividend prospects and dividends paid

As per the proposals, on the date of our appointment, the Company had three fixed and floating charge debentures. Details of the indebtedness are provided below.

On appointment Shoosmiths LLP were instructed to review the security documentation and comment on the validity of security held. Shoosmiths LLP has confirmed that all charge holders hold valid security.

As discussed in section 2.2, Bibby Financial Services has been repaid their indebtedness in full from the proceeds of book debt collections. They have received a total of £119,000.

Verso Holdings Limited are expected to receive a distribution against their indebtedness, however, the timing and quantum of any dividends are dependent upon the realisations and associated costs of the administration.

Capital for Colleagues Plc are highly unlikely to receive a distribution against their secured indebtedness.

Based on current estimates, we anticipate that the preferential creditors should receive a dividend of approximately 100p in the £. The timing and amount of any dividend are dependent upon the realisations and associated costs of the administration.

Based on current estimates, we anticipate that the unsecured creditors should receive a dividend by virtue of the prescribed part. We have yet to determine the amount of this but we will do so when we have completed the realisation of assets and the payment of associated costs.

4 Joint Administrators' remuneration, disbursements and pre-administration costs

During the period of this report, we have put forward a proposal to the secured creditors regarding the basis of our remuneration. We will then seek approval from the preferential creditors, in addition to the other secured creditors, for the basis of our remuneration. We will update creditors on the outcome of those discussions in our next progress report.

4.1.1

During the period of this report, we have incurred time costs of £366,324.50. These represent 786.50 hours at an average rate of £465.77 per hour.

4.1.2

During the period of this report, we have not drawn any remuneration.

4.1.3

During the period of this report, we have incurred disbursements of £1,184.04. None of these have yet been paid.

4.1.4

Our fees estimate of £255,891 has been exceeded primarily because the asset realisation process and the statutory filing requirements have taken more time than originally estimated.

At this stage in the administration, we are not seeking to draw remuneration in excess of the previously reported amount of £255,891.

Should we wish to seek approval to draw remuneration in excess of £255,891, we will ensure that the requisite disclosures are made to the relevant creditors and that the requisite approvals are obtained.

The expenses to be incurred during the administration have exceeded our original expenses estimate of £108,835.92 because of:

- Agent's fees and disbursements – there was a larger degree of preparation work for the auction that our agents had to undertake due to the challenges presented by Covid-19 and new restrictions that needed to be followed to adhere to Government guidelines, as such their fees and disbursements were higher than expected;
- Legal fees – legal costs were higher than expected, primarily due to negotiations regarding the sales agreement; and
- Contractor Costs – wages and salaries were higher than expected as the employees retained were retained for a longer period of time to assist us with WIP and stock matters.

We have attached at Appendix 4 an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by Alvarez & Marsal Europe LLP for the period from our appointment to 27 October 2020. We have also attached our charging and disbursements policy.

We disclosed the following pre-administration costs, which were unpaid at the date of our appointment, in our proposals:

Pre-administration costs				
	Disclosed unpaid costs (£)	Approved (£)	Paid in the period (£)	Outstanding (£)
Engagement acceptance & control	15,170.00	Nil	Nil	15,170.00
Dealing with stakeholders	28,326.00	Nil	Nil	28,326.00
Appointment documents	1,270.00	Nil	Nil	1,270.00
Total	44,766.00	Nil	Nil	44,760.00

We will not be seeking requisite approval from the secured and preferential creditors to pay these unpaid pre-administration costs as an expense of the administration.

5 Future strategy

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- Monitoring and collecting the outstanding amounts due from NWP;
- Continuing to review the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors;
- If applicable, seeking an extension of the administration;
- Making a distribution to the Company's secured, preferential and unsecured creditors;
- Obtaining tax clearance from HMRC;
- Determining the appropriate exit route from administration; and
- Concluding the administration in due course.

We are seeking approval from both the secured and preferential creditors that we will be discharged from liability in respect of any action as Joint Administrators upon filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

Should the circumstances of the administration change, we reserve the right to revert to the unsecured creditors in order to obtain discharge from liability.

We will provide a further progress report within one month of 27 April 2021 or earlier if the administration has been completed prior to that time.

Appendix 1 – Statutory information

Company information

Company name	T.G. Engineering Limited
Date of incorporation	23 January 2018
Company registration number	11165094
Present registered office	c/o Suite 3, Regency House, 91 Western Road, Brighton, BN1 2NW

Administration information

Administration appointment	The administration appointment granted in the the High Court of Justice Business and Property Courts in Manchester, CR-2020-MAN-000422
Appointor	Directors of the Company
Date of appointment	28 April 2020
Joint Administrators	Paul Flint and Mark Firmin
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current Administration expiry date	27 April 2021
Prescribed Part	The Prescribed Part is applicable on this case. It has been taken into account when determining the dividend prospects for unsecured creditors (Section 3.3)
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £293,903.98 Estimated Prescribed Part is £61,780.80.

Prescribed Part distribution

The Joint Administrators do not intend to apply to Court to obtain an Order that the Prescribed Part shall not apply.

Accordingly, the Joint Administrators intend to make a distribution to the unsecured creditors.

Appendix 2 – Receipts and payments account

T.G. Engineering Limited (In Administration) Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 28/04/2020 To 27/10/2020 £	From 28/04/2020 To 27/10/2020 £
	FIXED CHARGE ASSETS	
	Goodwill	48,000.00
110,000.00	Book Debts	NIL
	Bank Interest	1.21
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	ASSET REALISATIONS	
	Book Debts	13,340.63
30,692.00	Cash at Bank	30,691.98
	Dowty Stock & WIP	76,289.39
	Licence Fees	33,751.76
760,000.00	Plant & Machinery	175,000.00
190,000.00	Stock & WIP	102,345.93
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	OTHER REALISATIONS	
	Bank Interest	50.08
	Sundry Refunds	0.10
		50.18
	COST OF REALISATIONS	
	Bank Charges	18.00
	Contractor Costs	13,058.36
	Other Property Expenses	1,575.02
	Re-direction of Mail	216.00
	Rents Payable	55,923.89
	Statutory Advertising	95.50
	Storage Costs	3,900.00
	Telephone	872.87
	Wages & Salaries	1,794.12
		(77,453.76)
1,090,692.00		402,017.32
	REPRESENTED BY	
	Fixed Charge Current	50,401.21
	Fixed VAT Control Account	7,200.00
	Fixed VAT Payable	(9,600.00)
	Floating Charge Current	357,100.43
	Floating VAT Control Account	25,380.01
	Floating VAT Payable	(42,517.43)
	Floating VAT Receivable	14,053.10
		402,017.32

1. Funds are held in an interest-bearing account.
2. Book debts are being collected by Bibby per the terms of their charge document. Per section 2.2 (asset realisations), the material surplus from the debtor book (after allowing for Bibby's indebtedness) was received into the estate for the benefit of the Company's creditors.

Appendix 3 – Schedule of expenses

A summary of the expenses incurred during the period of this report is set out below:

Expenses Category	Paid to date (£)	Accrued to date (£)	Total (£)
Agent's fees and disbursements*	Nil	23,616.97	23,616.97
Legal fees	Nil	27,500.00	27,500.00
Contractor costs	13,058.36	1,973.40	15,031.76
Storage costs	3,900.00	181.51	4,081.51
Re-direction of mail	216.00	Nil	216.00
Statutory advertising	95.50	Nil	95.50
Rents payable	55,923.89	Nil	55,923.89
Other property expenses	1,575.02	1,809.25	3,384.27
Telephone	872.87	Nil	872.87
Wages and salaries	1,794.12	Nil	1,794.12
Joint Administrators' time costs	Nil	366,324.50	366,324.50
Joint Administrators' disbursements	Nil	1,184.04	1,184.04
Bank Charges	18.00	Nil	18.00
Total	77,453.76	422,589.67	500,043.43

*Please note that, in addition to the above, the agents will receive a buyer's premium in respect of any items sold at auction and any payment received will not form part of the estate.

We are entitled to receive remuneration for the work carried out. As approval has not yet been obtained, the remuneration has been accrued on a time cost basis. Where appropriate this will be adjusted once the relevant parties have approved the basis.

Narrative descriptions of the expenses which are anticipated to be incurred during the administration and which are significant or otherwise material in the context of the case, are provided above in Section 2.4 – Schedule of Expenses.

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Dimitri Golovanovs at Alvarez & Marsal Europe LLP, Suite 3 Regency House, 91 Western Road, Brighton, BN1 2NW.

Appendix 4 – Charging and disbursement policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of D&I, tax and VAT from A&M in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of “A Creditor’s Guide to Joint Administrators’ Fees” from Statement of Insolvency Practice 9 (‘SIP 9’) produced by the Association of Business Recovery Professionals is available via the Portal.

If you are unable to access this guide and would like a copy, please contact Dimitri Golovanovs at Alvarez & Marsal Europe LLP, Suite 3 Regency House, 91 Western Road, Brighton, BN1 2NW.

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Charge-out rates (£/hour) for: Restructuring	
Grade	From 28 April 2020
Managing Director	675
Senior Director	635
Director	595
Associate Director	535
Senior Associate	455
Associate	335
Analyst	225
Support	165

Where funds permit the office holders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Category 1 disbursements: These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by A&M Restructuring include mileage at a rate of 45p per mile. When carrying an A&M passenger, no additional cost per passenger will be charged.

Disbursements for the period to 27 October 2020				
	Category	Accrued not paid (£)	Paid (£)	Total (£)
Postage charges	Category 1	367.04	Nil	367.04
Mail scanning	Category 1	96.01	Nil	96.01
Subsistence	Category 1	46.65	Nil	46.65
Hotels/Accommodation	Category 1	400.00	Nil	400.00
Mileage	Category 2	272.70	Nil	272.70
Wireless usage charge	Category 2	1.64	Nil	1.64
Total		1,184.04	Nil	1,184.04

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Category 2 disbursements are to be approved in the same manner as our remuneration.

Please refer to the tables below for a detailed breakdown and narrative of our time costs for the period of this report in accordance with SIP9.

T.G. Engineering Limited - in Administration (Post-Appointment)

Classification of Work Function	Managing Director	Senior Director/Director	Associate Director	Senior Associate	Analyst	Support staff	Total Hours	Time cost (£)	Average Hourly Rate (£)
Engagement Control	9.00	6.00	1.50	24.90	10.60	-	52.00	24,402.00	469.27
Appointment and risk	0.50	13.00	0.75	44.70	9.50	-	68.45	31,469.75	459.75
Proposals, Reporting and Remuneration	1.30	11.50	3.20	12.50	28.70	-	57.20	22,037.00	385.26
Correspondence and Statutory Filing	16.50	37.50	6.10	7.00	46.90	1.00	115.00	52,116.00	453.18
Investigations	-	5.50	7.25	8.50	23.60	-	44.85	16,548.75	368.98
Trading (inc. Stakeholder Management)	4.00	-	-	-	2.70	-	6.70	3,307.50	493.66
Sale of Business	9.50	50.50	-	1.50	1.40	-	62.90	39,477.50	627.62
Asset Realisations	3.00	129.50	0.40	31.80	37.70	-	202.40	107,423.00	530.75
Tax	-	3.50	0.10	8.30	23.50	-	35.40	11,340.00	320.34
Cashiering	0.50	1.00	-	30.30	25.00	0.30	57.10	20,433.50	357.85
Employees & Pensions	-	15.00	0.70	9.50	13.00	3.50	41.70	17,724.50	425.05
Claims & Distributions	5.00	-	-	35.50	2.30	-	42.80	20,045.00	468.34
Exit Routes & Closure	-	-	-	-	-	-	-	-	-
Total hours	49.30	273.00	20.00	214.50	224.90	4.80	786.50	366,324.50	465.77
Totals fees claimed (£)	33,277.50	173,355.00	10,700.00	97,597.50	50,602.50	792.00	786.50	366,324.50	465.77

SIP 9 narrative

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any financial benefit has/will the work provide to creditors?
Engagement control	<ul style="list-style-type: none"> - Formulating, monitoring and reviewing the administration strategy - Briefing our staff on the administration strategy and matters in relation to various work-streams - Regular case management and reviewing of process, including regular team update meetings and calls - Meeting with management to review and update strategy and monitor progress - Reviewing and authorising junior staff correspondence and other work - Dealing with queries arising during the appointment - Reviewing matters affecting the outcome of the administration - Allocating and managing staff/case resourcing and budgeting exercises and reviews - Liaising with legal advisers regarding the various instructions, including agreeing content of engagement letters - Complying with internal filing and information recording practices, including documenting strategy decisions 	- To ensure that matters are being progressed in the most efficient way so that the costs of dealing with the administration are kept to a minimum. In addition, it allows for regular reviews of the administration strategy such that assets can be identified where available and realised for the benefit of the administration estate and its creditors.	- None.
Appointment & risk	<ul style="list-style-type: none"> - Collating initial information to enable us to carry out our statutory duties, including creditor information and details of assets - Obtaining confirmation of validity of appointment - Arranging bonding and complying with statutory requirements - Liaising with Health and Safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with - Arranging ongoing insurance cover for the Company's business and assets 	- To ensure that we comply with statute and that the Company's assets are protected for the benefit of the creditors.	- None.

- Liaising with security providers to ensure adequate security is in place for the administration
- Liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place
- Assessing the level of insurance premiums

Reports, decision making & remuneration	<ul style="list-style-type: none"> - Preparing statutory receipts and payments accounts - Drafting and publishing our proposals and progress reports - Obtaining approval of our proposals - Ensuring compliance with all statutory obligations within the relevant timescales - Reviewing time costs to date and producing analysis of time incurred which is compliant with SIP 9 - Preparing and reviewing the fees estimate - Preparing and reviewing the expenses estimate - Seeking approval of the basis of remuneration from the relevant parties 	- To comply with statute, as well as ensuring that creditors are informed of progress.	- None.
Correspondence & statutory filing	<ul style="list-style-type: none"> - Uploading information to the Portal - Providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders and advertising our appointment - Providing written and oral updates to representatives of Bibby, Verso and Capital for Colleagues plc, regarding the progress of the administration and case strategy - Dealing with creditor queries 	- To comply with statute, as well as ensuring that creditors are informed of progress on a periodic basis.	- None.

Investigations	<ul style="list-style-type: none"> - Locating relevant Company books and records, arranging for their collection, review and ongoing storage - Reviewing Company and directorship searches and advising the directors of the effect of the administration - Liaising with management to produce the Statement of Affairs and filing it with the Registrar of Companies - Arranging for the redirection of the Company's mail - Reviewing the questionnaire submitted by the Directors of the Company - Reviewing pre-appointment transactions - Drafting the statutory report and submitting to the relevant authority 	- To comply with statute and to investigate what other asset recoveries might be available for creditors.	- Further asset recoveries might be identified as part of our investigation work, which, if successfully realised, would increase asset realisations for the benefit of the creditors.
Trading (inc. Stakeholder Management)	<ul style="list-style-type: none"> - Responding to customer queries and correspondence regarding stock and WIP not relating to Dowty (sale to NWP) - Raising sales invoices - Communicating and negotiating with customers regarding available stock and WIP - Dealing with issues in relation to stock and WIP - Managing stock and stock reconciliations 	- To achieve the highest asset realisations for the benefit of the administration estate.	- The higher the realisations the better the prospect that creditors will receive a dividend.
Sale of business	<ul style="list-style-type: none"> - Planning the strategy for the sale of business and assets, including instructions and liaison with professional advisers - Seeking legal advice regarding the sale of business, including regarding non-disclosure agreements - Collating relevant information and drafting information memorandum in relation to the sale of the Company's business and assets and advertising the business for sale - Dealing with queries from interested parties and managing the information flow to potential purchasers, including setting up a data room - Liaising with solicitors to finalise the sale agreement and completing the sale - Collecting deferred consideration payments 	- To ensure that maximum value is extracted from the business. A sale of the business, even if only a partial sale, can generate more funds for the creditors of the Company.	- The higher the realisations the better the prospect that creditors will receive a dividend.
Asset realisations	<ul style="list-style-type: none"> - Collating information from the Company's records regarding assets 	- To ensure that all the Company's assets are realised and that the costs and expenses of the administration can	- The higher the realisations the better the prospect that creditors will receive a dividend.

	<ul style="list-style-type: none"> - Dealing with the Company's pre-appointment bank accounts - Liaising with finance companies in respect of assets subject to finance agreements - Liaising with agents regarding the sale of assets - Liaising with agents regarding strategy of sale of assets - Assisting agents with preparation for the online auction - Dealing with issues associated with the sale of stock and WIP - Reviewing outstanding debtors - Reviewing the inter-company debtor position between the Company and other group companies - Reviewing the Company's leasehold properties, including review of leases - Communicating with landlords regarding rent, property occupation and other issues 	be met, with any surplus going to the benefit of the Company's creditors.	
Tax	<ul style="list-style-type: none"> - Gathering initial information from the Company's records in relation to the taxation position of the Company - Submitting relevant initial notifications to HM Revenue and Customs - Reviewing the Company's pre-appointment corporation tax and VAT position - Analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations - Working initially on tax returns relating to the periods affected by the administration - Analysing VAT related transactions - Reviewing the Company's duty position to ensure compliance with duty requirements - Dealing with post appointment tax compliance 	<ul style="list-style-type: none"> - To comply with filing deadlines and other communication with HMRC. In addition, the Company's tax affairs will be brought up to date to establish whether the Company has a net tax asset or liability. 	<ul style="list-style-type: none"> - Ensuring the pre-appointment tax position of the Company is properly reconciled will make sure that its pre-appointment claim or refund is accurate which may provide a financial benefit to creditors.
Cashiering	<ul style="list-style-type: none"> - Setting up administration bank accounts - Preparing and processing vouchers for the payment of post-appointment invoices 	<ul style="list-style-type: none"> - To comply with statute and maintain a proper treasury and accounts function for the administration estate. 	<ul style="list-style-type: none"> - None.

	<ul style="list-style-type: none"> - Creating remittances and sending payments to settle post-appointment invoices - Preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employees' banks - Reviewing and processing employee expense requests - Reconciling post-appointment bank accounts to internal systems - Ensuring compliance with appropriate risk management procedures in respect of receipts and payments 		
Employees & pensions	<ul style="list-style-type: none"> - Dealing with queries from employees regarding various matters relating to the administration and their employment - Dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments - Holding employee briefing meetings to update employees on progress in the administration on our strategy - Administering the Company's payroll, including associated taxation and other deductions and preparing PAYE and NIC returns - Communicating and corresponding with HM Revenue and Customs - Collating information and reviewing the Company's pension schemes - Calculating employee pension contributions and review of pre-appointment unpaid contributions - Ensuring compliance with our duties to issue statutory reports - Liaising with the trustees of the defined benefit pension scheme, the Pensions Regulator and the Pensions Protection Fund concerning the changes caused to the pension scheme as a result of our appointment 	<ul style="list-style-type: none"> - To comply with statute and make sure that employees are treated fairly. 	<ul style="list-style-type: none"> - Ensure that the employees make correct claims and receive payments from the Redundancy Payment Service in a timely manner

Appendix 5 – Glossary

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency (England and Wales) Rules 2016 respectively.

Defined Terms	Definition
A&M	Alvarez & Marsal Europe LLP
Agents/SW	Sanderson Weatherall LLP
Bibby	Bibby Financial Services Limited
Clumber	Clumber Consultancy Ltd
C4C	Capital for Colleagues PLC
Company	T.G. Engineering Limited - in Administration
Directors	Richard Andrews Mark Luffman Nathan England
Dowty	Dowty Propellers
Joint Administrators/we/our/us	Paul Flint and Mark Firmin
LTO	Licence to occupy
NWP	North West Precision Limited
Proposals	Joint Administrators' Statement of Proposals dated 19 June 2020
Secured creditors	Bibby Financial Services Limited, Capital for Colleagues PLC and Verso Holdings Limited
Solicitors/Shoosmiths	Shoosmiths LLP
SIP9	Statement of Insolvency Practice 9
Verso	Verso Holdings Limited
WIP	Work in progress
2c	2c Services Limited

Appendix 6 – Notice: About this progress report

This progress report has been prepared by Paul Flint and Mark Firmin, the Joint Administrators of Joint Administrators of T.G. Engineering Limited (the “Company”), solely to comply with their statutory duty to report to creditors under the Insolvency (England and Wales) Rules 2016 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 purposes, or in any other context.

This progress 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 the Company or any other company in the same group.

Any estimated outcomes for creditors included in this progress 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 progress report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 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.

Paul Flint and Mark Firmin are authorised to act as insolvency practitioners by The Institute of Chartered Accountants in England and Wales.

We are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agent for the Company without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Alvarez & Marsal Europe LLP does not assume any responsibility and will not accept any liability to any person in respect of this progress report or the conduct of the administration.