

The Insolvency Act 1986

**Administrator's progress report****R2.38**

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company

Aaztec Coatings Limited

Company number

SC177103

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

We (a)  
James Bernard Stephen  
BDO LLP  
4 Atlantic Quay  
70 York Street  
Glasgow  
G2 8JX

Francis Graham Newton  
BDO LLP  
1 Bridgewater Place  
Leeds  
LS11 5RU

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

from

to

(b) Insert date(s)

(b) 14 March 2016

(b) 13 September 2016

Signed

Joint / Administrator(s)

Dated

**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

James Bernard Stephen  
BDO LLP  
4 Atlantic Quay  
70 York Street  
Glasgow  
G2 8JX

DX Number LP 55 Glasgow - 6

01412 483 761  
DX Exchange

When you have completed and signed this form, please send it to the  
Registrar of Companies at:-  
**Companies House, 4<sup>th</sup> Floor, Edinburgh Quay 2, 139 Fountainbridge,  
Edinburgh, EH3 9FF  
DXED235 Edinburgh 1 / LP- 4 Edinburgh 2**

WEDNESDAY



\*S5HFRQOB\*

SCT

12/10/2016

#514

COMPANIES HOUSE

## **Aaztec Coatings Limited (In Administration)**

**Progress Report in terms of Rule 2.38 of the Insolvency (Scotland) Rules 1986**

**Period of Report: Six months to 13 September 2016**

### **Contents**

1. Introduction
2. Statutory Information
3. Proposals Approved
4. Deviations from Proposals
5. Actions in Period
6. Outstanding Matters
7. Expected Outcome for Creditors
8. Joint Administrators' Fees
9. Insolvency Ethics & Complaints
10. Administration End

### **Appendices**

- A. Joint Administrators' Receipts & Payments
- B. Estimated Outcome Statement
- C. Time Costs & Outlays in Report Period
- D. Time Costs to Date and Statement of Charge Out Rates

James Bernard Stephen and Francis Graham Newton of BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX, were appointed Joint Administrators on 14 September 2015. The business and assets of the company are now managed by the administrators. The Joint Administrators act as agents of the company, without personal liability.

James Bernard Stephen is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants of England & Wales. Office holder number 9273. Francis Graham Newton is authorised to act as an insolvency practitioner in the UK by the IPA. Office holder number 9310.

This progress report has been prepared by the Joint Administrators solely to comply with their statutory duty under the Insolvency Act and Scottish Rules 1986 (as amended) to provide members and creditors with an update on the progress of the Administration and for no other purpose.

This report is not suitable to be relied upon by any other person, or for any other purpose or in any other context including any decision in relation to the debt of or any financial interest in the Company. Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Act and Scottish Rules 1986 (as amended) does so at their own risk. Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for individual creditors.

**1 INTRODUCTION**

- 1.1 This is a statutory report to creditors on the progress of the Administration of Aaztec Coatings Limited ("the Company"). The report should be read in conjunction with previous correspondence on the case. A copy of this report will be submitted to the Court and Registrar of Companies.

**2 STATUTORY INFORMATION**

- 2.1 The Joint Administrators are James Bernard Stephen and Francis Graham Newton of BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX, and they were appointed in respect of the Company on 14 September 2015. Under the provisions of paragraph 100(2) of schedule B1 of the Insolvency Act 1986 the Joint Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.
- 2.2 The Joint Administrators were appointed by Raymond McColl, c/o BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX, being a director, pursuant to Paragraph 22 of schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in Glasgow Sheriff Court, and the court case number is L178.
- 2.3 The Company's registered office is situated at 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX, and the registered number is SC177103. The registered office prior to insolvency was 16 Royal Terrace, Glasgow, G3 7NY.
- 2.4 The Administration was extended for a period of 12 months by creditors until 13 September 2017.
- 2.5 We enclose at Appendix A, for your information, a summary of our receipts and payments to date. The receipts shown are largely self-explanatory, although we would comment specifically on the following:
- All assets have been realised apart from a small number of previously secured book debts (now re-assigned to the Company), which we are continuing to pursue. These debts may not ultimately be recoverable, therefore, for the purposes of the Estimated Outcome Statement we have shown the anticipated future value as £1.
  - Davidson Workman was appointed to prepare a Statement of Affairs on behalf of the director. A fee of £3,150 (excl. VAT) was paid in this regard.
  - We appointed Sweeney Kincaid as agents to value the Company's equipment and stock. Their fixed fee was £750 (excl. VAT).
  - We appointed MacDonald Henderson ("MH") as legal agents. Their fee basis is time costs. During the period they assisted with the sale of the business and assets and trading related queries. Fees of £10,918.22 (excl. VAT) have been paid to MH.
- 2.6 At Appendix B is an Estimated Outcome Statement, which presents the receipts & payments figures according to insolvency rankings and shows the estimated final outcome for various classes of creditors. We discuss the anticipated outcome for creditors further in Section 7 of this report.
- 3 PROPOSALS APPROVED**
- 3.1 The proposals summarised below were approved on 30 October 2015.

- I. That the Joint Administrators continue to manage the Company's business and realise assets in accordance with objectives 2 & 3 of the statutory purpose of the Administration.
- II. That the Joint Administrators may investigate and, if appropriate, pursue any claims the Company may have under the Companies Act 1985 and 2006 or Insolvency Act 1986 or otherwise. In addition, the Joint Administrators shall do all such other things and generally exercise all their powers as Joint Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Company or to maximise their realisations or for any other purpose incidental to these proposals.
- III. That the Joint Administrators make payments to secured and preferential creditors and if necessary, they distribute funds to ordinary creditors under the prescribed part.
- IV. That the Joint Administrators exit the Administration by way of dissolving the Company under Paragraph 84 of Schedule B1 of the Insolvency Act 1986, but in any event, may use any or a combination of 'exit route' strategies in order to bring the Administration to an end.

#### **4 DEVIATIONS FROM PROPOSALS**

- 4.1 We have not deviated from the proposals and the purpose of the Administration is currently the realisation of property in order to make a distribution to one or more secured or preferential creditors.

#### **5 ACTIONS IN PERIOD**

##### **5.1 General Administration & Statutory Matters**

During the period we have dealt with all statutory matters including drafting the previous progress report, attending to the extension of the Administration, and preparing and submitting the Company's VAT and corporation tax returns. In addition we have also dealt with general administration tasks, including case reviews, updating the estimated outcome statement, filing and attending to cashiering matters.

##### **Realisation of Assets**

We have been liaising with secured creditor, LBCF, in relation to finalising the secured debtor ledger, following which a small number of outstanding debts were re-assigned to the Company, and we continue to pursue these debts.

With regards to the Company's lease at 39-41 Earl Haig Road, Hillington Park, Glasgow, we have been dealing with our appointed legal agents, MH, and the landlord regarding the assignation of lease to the purchaser of the Company's business and assets. Formal assignation of the lease completed in August 2016.

##### **Creditors**

We have been reporting to secured creditor and also dealing with general creditor queries.

#### **6 OUTSTANDING MATTERS**

- 6.1 As previously mentioned, we continue to pursue the remaining book debts.

Once the above matters have been dealt with, we will end the Administration in accordance with the Joint Administrators' approved Proposals.

## **7 EXPECTED OUTCOME FOR CREDITORS**

7.1 The Estimated Outcome Statement shows the outcome as follows:

### **Secured Creditors**

7.2 The secured creditor, LBCF, has been paid in full.

### **Preferential Creditors**

7.3 Based on present information, preferential creditors will be paid in full.

### **Floating Charge Creditor**

7.4 We anticipate that the floating charge holder, Bank of Scotland plc ("BOS"), will receive a distribution of approximately £25k once all Administration costs have been finalised.

### **Prescribed Part - Unsecured Creditors**

7.5 Despite the Company granting a floating charge to Lloyds TSB Commercial Finance Ltd after 15 September 2003 there will be no prescribed part in this Administration as the Company granted a floating charge to BOS prior to 15 September 2003. Due to the level of debt owed to BOS, there will be no dividend to unsecured ordinary creditors.

## **8 JOINT ADMINISTRATORS' FEES**

8.1 The Joint Administrators are obliged to fix their remuneration in accordance with Rule 2.39 of the Insolvency (Scotland) Rules 1986. This permits remuneration to be fixed either as a percentage of the value of the property with which the Joint Administrators have to deal with or alternatively by reference to the time the Joint Administrators and their staff have spent attending to matters in this Administration. The proposals provided for the Joint Administrators' fees to be based on a time cost basis.

8.2 A summary of the Joint Administrators' time costs for the period are attached at Appendix C. A summary of the cumulative time costs are at Appendix D, together with a copy of our remuneration and disbursements policy.

8.3 As a declaration was made in terms of Para 52(1), the fees of the Joint Administrators' will be approved by the secured and preferential creditors in terms of rule 2.39(8) of the Insolvency (Scotland) Rules 1986.

8.4 We would be grateful if secured and preferential creditors could complete the resolution, at Appendix E, in respect of the Joint Administrators' claim for remuneration and outlays, and return this within 14 days.

## **9 INSOLVENCY ETHICS & COMPLAINTS**

9.1 As Insolvency Practitioners we are bound by the Insolvency Code of Ethics. The fundamental principles are:

- Integrity
- Objectivity
- Professional competence and due care
- Confidentiality
- Professional behaviour

- 9.2 A full copy of the code of ethics is available at:

<http://www.insolvency-practitioners.org.uk/regulation-and-guidance/ethics-code>.

- 9.3 The Insolvency Service has established a central gateway for considering complaints in respect of insolvency practitioners. In the event that you make a complaint to us but are not satisfied with the response from us then you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

## 10 ADMINISTRATION END

- 10.1 As you are aware, the Administration was extended until 13 September 2017. If no extension is agreed, the Administration would come to an end on, or prior to, 13 September 2017.

Creditors will be notified should we consider that a further extension is necessary.

### Joint Administrators' Discharge

- 10.2 In terms of the proposals we will seek a written discharge from liability from the secured and preferential creditors.
- 10.3 We would be grateful if secured and preferential creditors could complete the resolution, at Appendix E, in this respect, and return this within 14 days.



James Bernard Stephen  
Joint Administrator

7 October 2016

## APPENDIX A - Joint Administrators' Receipts &amp; Payments

**Aaztec Coatings Limited  
(In Administration)  
Joint Administrators' Trading Account**

Statement of Affairs	From 14/03/2016 To 13/09/2016	From 14/09/2015 To 13/09/2016
POST APPOINTMENT SALES		
Sales (2)	(340.51)	11,356.80
	<u>(340.51)</u>	<u>11,356.80</u>
COST OF SALES		
Direct Labour	Nil	13,873.66
Material Purchases	Nil	2,637.36
	<u>Nil</u>	<u>(16,511.02)</u>
TRADING EXPENSES		
Electricity	(642.11)	196.38
Professional Fees	Nil	611.80
Hire of Equipment	Nil	120.62
	<u>642.11</u>	<u>(928.80)</u>
<u>TRADING SURPLUS/(DEFICIT)</u>	<u>301.60</u>	<u>(6,083.02)</u>

**Aaztec Coatings Limited**  
**(In Administration)**  
**Joint Administrators' Abstract of Receipts & Payments**

Statement of Affairs		From 14/03/2016 To 13/09/2016	From 14/09/2015 To 13/09/2016
	<b>FIXED CHARGE ASSETS</b>		
145,000.00	Book Debts - Secured	145,473.01	145,473.01
(118,459.00)	Secured Creditor - LBCF	(118,458.00)	(118,458.00)
	Secured Creditor - LBCF (fees)	(1,285.00)	(1,285.00)
		<u>25,730.01</u>	<u>25,730.01</u>
	<b>FIXED CHARGE CREDITORS</b>		
(54,488.14)	Secured Creditor - Bank of Scotland	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	<b>ASSET REALISATIONS</b>		
20,000.00	Equipment & Stock	NIL	20,000.00
18,000.00	Goodwill / Customer List	NIL	18,000.00
7,632.00	Book debts	1,824.00	3,315.60
	Interest Gross	12.82	28.04
	Trading Surplus/(Deficit)	301.60	(6,083.02)
		<u>2,138.42</u>	<u>35,260.62</u>
	<b>COST OF REALISATIONS</b>		
	Agents' Fees & Disbs	NIL	3,900.37
	Legal Fees & Disbs	2,295.00	10,918.22
	Irrecoverable VAT	NIL	11.96
	Registers of Scotland	NIL	15.00
	Statutory Advertising	NIL	84.60
	Insurance	NIL	975.00
	Bank Charges	1.48	89.18
		<u>(2,296.48)</u>	<u>(15,994.33)</u>
	<b>PREFERENTIAL CREDITORS</b>		
(707.14)	Preferential Hol. Pay	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	<b>UNSECURED CREDITORS</b>		
(235,446.93)	Trade & Expense Creditors	NIL	NIL
(22,491.86)	Unsecured Employees	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	<b>DISTRIBUTIONS</b>		
(100.00)	Ordinary Shareholders	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
<u>(241,061.07)</u>		<u>25,571.95</u>	<u>44,996.30</u>
	<b>REPRESENTED BY</b>		
	The Royal Bank of Scotland		42,374.75
	Vat Control Account		2,621.55
			<u>44,996.30</u>

The receipts and payments are shown net of VAT.



**APPENDIX B - Estimated Outcome Statement**

**Aaztec Coatings Limited (In Administration)**  
**Estimated Outcome Statement**  
**As at 13 September 2016**

£000	2016	2015	2014
	13 Sept	31 Dec	31 Dec

**Secured Assets**

Book Debts	169,759	145,473	1	145,474
		145,473	1	145,474
<b>Less:</b>				
Administrators Fees		-	(5,000)	(5,000)
Administrators Outlays		-	-	-
LBCF Fees		(1,285)	-	(1,285)
Available to secured creditor - LBCF		144,188	(4,999)	139,189
Due to LBCF		(118,458)	-	(118,458)
Surplus following sale of secured assets		25,730	(4,999)	20,731

**Floating Charge Assets**

Trading Profit/(Deficit)		(6,083)	-	(6,083)
Surplus re secured assets		25,730	(5,000)	20,730
Customer List / Goodwill	18,000	18,000	-	18,000
Equipment & Stock	20,000	20,000	-	20,000
Book Debts - Non-factored	7,632	3,316	-	1,314
Bank Interest		28	10	38
<b>Less:</b>				
Administrators fees		-	(10,000)	(10,000)
Administrator's outlays		(1,087)	(500)	(1,587)
Legal fees & outlays		(10,918)	-	(10,918)
Agent's Fees		(3,900)	-	(3,900)
Bank Charges		(89)	(5)	(94)
Net Assets		44,996	(15,495)	27,594

Preferential Claims	(707)	-	-	(2,174)
Surplus following settlement of Pref Claims				25,420

Due to Floating Charge Holder - BOS (pre-EA '03)	(54,488)			(54,488)
Deficit to Floating Chargeholder				(29,068)

Due to Unsecured Creditors				(257,939)
----------------------------	--	--	--	-----------

Estimated (Deficiency)				(287,007)
------------------------	--	--	--	-----------



## APPENDIX C - Time Costs &amp; Outlays in Report Period

Name of Assignment Aaztec Coatings Limited

00255715

Summary of Time Charged and Rates Applicable for the Period From 14/03/2016 to 13/09/2016

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AV RT
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
D. General	0.20	96.80	3.75	827.90	19.10	3,433.70	0.35	67.20	6.40	661.10	2.10	199.05	31.90	5,285.75	165.70
E. Assets					24.30	4,383.90							24.30	4,383.90	180.41
H. Creditor Claims					2.80	512.00							2.80	512.00	182.86
K. Work			0.20	62.00					14.65	1,172.00			14.85	1,234.00	83.10
	0.20	96.80	3.95	889.90	46.20	8,329.60	0.35	67.20	21.05	1,833.10	2.10	199.05			
									Net Total				73.85	11,415.65	

# APPENDIX D - Time Costs to Date and Statement of Charge Out Rates

Name of Assignment Aaztec Coatings Limited

00255715

Summary of Time Charged and Rates Applicable for the Period From 14/09/2015 to 13/09/2016

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AV RT
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
B. Steps on Appointment			4.50	1,314.75	47.10	8,430.90							51.60	9,745.65	188.87
D. General	1.60	952.40	11.20	2,397.50	84.30	15,104.50	5.95	1,092.40	17.75	1,981.30	4.15	271.45	124.95	21,799.55	174.47
E. Assets	7.00	3,143.00	1.60	497.60	36.00	6,478.20							44.60	10,118.80	226.88
F. Trading Related					7.20	1,288.80							7.20	1,288.80	179.00
G. Employee Matters			0.20	42.60	2.30	411.70			9.15	996.15	0.55	57.20	12.20	1,507.65	123.58
H. Creditor Claims					4.10	744.70			1.25	77.50			5.35	822.20	153.68
J. Distribution and									0.40	52.40			0.40	52.40	131.00
K. Work			0.20	62.00					14.65	1,172.00			14.85	1,234.00	83.10
	8.60	4,095.40	17.70	4,314.45	181.00	32,458.80	5.95	1,092.40	43.20	4,279.35	4.70	328.65			
													Net Total	261.15	46,569.05
													Other Disbursements	230.84	

The table below summarises the cumulative disbursements incurred.

Description	Category 1 £	Category 2 £
Bond	200.00	
Mileage		30.84

A creditors' guide to fees can be accessed via our website: [www.bdo.co.uk/cgtf](http://www.bdo.co.uk/cgtf).

**BDO LLP REMUNERATION AND DISBURSEMENTS POLICY**

In accordance with best practice we provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency.

The current charge out rates per hour of staff within my firm who may be involved in working on the insolvency follows: This in no way implies that staff at all such grades will work on the case.

<b>Charge Out Rates by Staff Grade</b>	<b>From 4/7/2016</b>	<b>From 04/07/2015</b>	<b>From 01/02/2014</b>	<b>From 11/05/2013</b>
	£	£	£	£
Partner1	471	449	428	428
Principal	326 - 364	311 - 347	330	330
Senior Manager/Director	278 - 302	265 - 288	252-296	274 - 296
Manager	208-275	224 - 265	189-213	252 - 274
Assistant Manager	188	179 - 198	170	189 - 213
Senior Cashier/Cashier	134-198	134-198	128-189	170
Senior Administrator	175-188	167 - 179	128-170	170
Administrator	65-159	97- 167	59-159	128 - 170
Support staff/Secretary	65	62-77	59-63	59 - 159

The rates charged by BDO LLP are reviewed each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:-

Pre Appointment  
Steps upon Appointment  
Planning and Strategy  
General Administration  
Asset Realisation/Management  
Trading Related Matters  
Employee Matters  
Creditor Claims  
Reporting  
Distribution and Closure  
Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.

### **Other Costs**

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories.

#### **Category 1**

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), land registry searches, fees in respect of swearing legal documents etc. In each case the recharge will be reimbursement of a specific expense incurred.

#### **Category 2**

Insolvency practice additionally provides for the recharge of expenses such as postage, stationery, photocopying charges, telephone, fax and other electronic communications, which cannot be economically recorded in respect of each specific case. Such expenses, which are apportioned to cases, must be approved by the creditors in accordance with the Insolvency Rules 1986, before they can be drawn, and these are known as category 2 disbursements. The current policy of BDO LLP is to recharge this expense on the basis of a figure based upon the number of creditors with whom we have to communicate and report during the insolvency. This is the method of calculation that was historically provided under statutory orders for the Official Receiver.

In respect of the Administration we propose to charge £12.50 (plus VAT) for the first year and £6.25 (plus VAT) for each subsequent year, per creditor. This will cover the disbursement costs of for postage and stationery for all reports and letters, together with all copying charges and telephone and email costs. Creditors will be invited to approve a resolution to this effect. During the first year the Administrators will issue 3 reports and in successive years 2 reports.

A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 45p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff. Where costs are incurred in respect of mileage, approval will be sought in accordance with the Insolvency Rules 1986 to recover this disbursement.

Where applicable, all disbursements will be subject to VAT at the prevailing rate.

**APPENDIX E -**

Return this section within 14 days to register your vote:

FAO Craig Fisher  
BDO LLP  
4 Atlantic Quay  
70 York Street  
Glasgow  
G2 8JX

**Secured & Preferential Creditors:**

Resolution	Agree	Disagree
That the Joint Administrators be granted their release in terms of Para 98 of Schedule B1 of the Insolvency Act 1986, 14 days from filing their final report with Companies House.		
The Joint Administrators may draw a fee of £10,000.00 (Excl VAT), and outlays of £230.84 (Excl VAT) for the period 14 September 2015 to the closure of the Administration. The SIP 9 summary of time for the period is at Appendix D.		

**Secured Creditors Only:**

Resolution	Agree	Disagree
The Joint Administrators may draw a fee of £5,000.00 (Excl VAT), in respect of the realisation of secured assets.		

Creditor Name: \_\_\_\_\_

Authorised Signatory: \_\_\_\_\_

Date: \_\_\_\_\_