

# AM10 (Scot)

## Notice of administrator's progress report



Companies House

For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number S C 2 1 3 2 8 2

Company name in full Burntisland Fabrications Limited

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Gavin George Scott

Surname Park

### 3 Administrator's address

Building name/number 100 W George St

Street Glasgow

Post town G2 1PP

County/Region

Postcode

Country

### 4 Administrator's name ①

Full forename(s) Clare

Surname Boardman

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number 7 Park Row

Street Leeds

Post town LS1 5HD

County/Region

Postcode

Country

#### ② Other administrator

Use this section to tell us about  
another administrator.

# AM10 (Scot)

## Notice of administrator's progress report

### 6 Period of progress report

From date	<sup>d</sup> 1	<sup>d</sup> 4	<sup>m</sup> 0	<sup>m</sup> 6	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 1
To date	<sup>d</sup> 1	<sup>d</sup> 3	<sup>m</sup> 1	<sup>m</sup> 2	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 1

### 7 Progress report

☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X

GPark

X

Signature date

<sup>d</sup> 2	<sup>d</sup> 4	<sup>m</sup> 0	<sup>m</sup> 1	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 2
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# AM10 (Scot)

## Notice of administrator's progress report



### 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 **Vinay Mistry**

Company name **Teneo Restructuring Ltd**

Address **156 Great Charles Street**

**Queensway**

Post town **Birmingham**

County/Region

Postcode **B 3 3 H N**

Country

DX

Telephone **+44 121 619 0120**



### 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,  
Fourth floor, Edinburgh Quay 2,  
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.  
DX ED235 Edinburgh.



### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**



The Global CEO Advisory Firm

Court Case No. P999/20 of 2020  
Court of Session,  
Edinburgh

Company Number: SC213282

Registered Office:  
c/o Teneo Financial Advisory Limited  
100 West George Street  
Glasgow  
G2 1PJ

# **Burntisland Fabrications Limited (in administration) ("the Company" or "BiFab")**






Progress report for the period 14 June 2021 to 13 December 2021 pursuant to rules 3.93 to 3.94 inclusive of the  
Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018 ("the Rules")

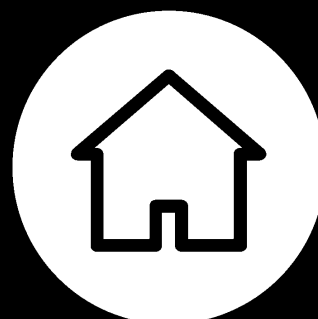
24 January 2022

Gavin George Scott Park and Clare Boardman ("the Joint Administrators") were appointed Joint Administrators of Burntisland Fabrications Limited on 14 December 2020 by the directors of the Company. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability. All licensed Insolvency Practitioners of Teneo Financial Advisory Limited ("Teneo") are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

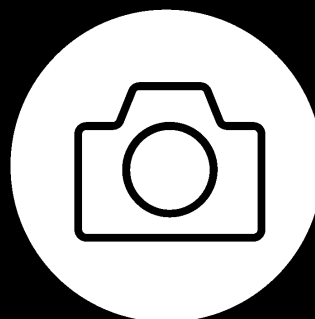
For the purposes of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 (as amended), ("the Act"), the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

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## Key messages



Key messages

Joint Administrators of the Company

Gavin George Scott Park  
Clare Boardman  
Teneo Financial Advisory  
110 West George Street  
Glasgow  
G2 1PJ

Contact details

Email: [vinay.mistry@teneo.com](mailto:vinay.mistry@teneo.com)  
Website: [www.ips-docs.com](http://www.ips-docs.com)  
Tel: 0121 619 0149



Purpose of administration	<ul style="list-style-type: none"><li>The purpose of the administration is to achieve a better result for the Company's creditors as a whole than a liquidation.</li></ul>
Progress of administration	<ul style="list-style-type: none"><li>The Company has a commercial claim against a customer in connection with contract variations to an agreed scope of works on a past project. This has an estimated recoverable value of c.£17.8m per the director's Statement of Affairs ("the Commercial Claim"). We have agreed a funding facility with the Scottish Ministers to meet the legal and other costs anticipated for the steps required to pursue this claim. This process is now being progressed and we will provide a further update in our next progress report.</li><li>As discussed in our previous report, a licence to occupy ("LTO") was agreed with the purchaser of the Company's business and assets to allow time for them to negotiate with assignments of leases with landlords. Assignations of the leases have not yet completed and the LTO arrangements are continuing.</li><li>An insurance refund of £2,657 was received in the report period.</li><li>Please see page 5 for further details.</li></ul>
Costs	<ul style="list-style-type: none"><li>Our remuneration has been fixed on a time costs basis. Our time costs in the period of the report are £209,998. Please see pages 17 and 18 for further details.</li><li>Third party costs classed as category 1 expenses of £35,325 plus VAT have been incurred in the report period. We have not incurred any category 1 expenses, categorised as disbursements, in the report period. Please see page 7 for further details.</li><li>We have not incurred any category 2 expenses, classified as disbursements, in the report period. Please see page 19 for further details.</li></ul>
Outstanding matters	<ul style="list-style-type: none"><li>We will continue to progress recovery of the Commercial Claim discussed above.</li><li>We will conclude the position with regards to the Company's leases for the Methil and Arnish sites (either by assignation to the purchaser of the Company's business or by forfeiting the leases).</li><li>We will continue to pursue an outstanding debtor of £448k due to the Company.</li><li>We will continue to monitor the revenue triggers for possible deferred consideration associated with the sale of the business.</li></ul>
Dividend projects	<ul style="list-style-type: none"><li>On current information, we anticipate the following outcome for each category of creditor:<ul style="list-style-type: none"><li>Secured creditors: Royal Bank of Scotland Plc ("RBS") may be paid in full depending on the level of its contingent claim which materialises (if any). The Scottish Ministers are unlikely to be repaid in full.</li><li>Preferential creditors: We anticipate that there will be sufficient floating charge realisations to enable payment in full of the preferential claim.</li><li>Secondary Preferential creditors –We anticipate that there will be sufficient floating charge realisations to enable payment in full of HMRC's secondary preferential claims.</li><li>Unsecured creditors: It is unlikely that there will be a distribution for unsecured creditors other than potentially via the Prescribed Part.</li></ul></li></ul>
Extension to administration period	<ul style="list-style-type: none"><li>The period of the administration has been extended to 14 December 2022. Depending on the time taken to realise the Commercial Claim it may be necessary to further extend the period of the administration. Please see page 13 for further details.</li></ul>



Progress of the administration

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## Progress of the administration Summary

### Work done during the report period

#### Scottish Ministers (“SM”) funding facility

As reported in the Proposals, we agreed a funding facility with SM to enable the holding costs of the business to be met whilst a sale process of the business and trading assets of the Company was undertaken. Funding totalling £300k was drawn under this facility.

Sufficient assets were realised to enable full repayment of this funding. However, the funding advanced was not repaid as, during the report period, the terms of the funding facility were amended to enable the facility to be used for the purposes of pursuing the Commercial Claim (discussed in the next section).

#### Commercial claim

As explained in the Proposals, in 2019 BiFab was a subcontractor appointed to assist with the construction of wind-turbine pin piles for use in a new offshore wind development at the Moray Firth.

During this project, the customer instructed a number of variations to the agreed contractual scope of works, in respect of which BiFab has advanced various claims for additional costs incurred (the “Commercial Claim”). These claims are contested by the customer. The director’s statement of affairs includes an estimated recoverable value of c.£17.8m for this claim.

Management had engaged in various discussions with the customer prior to the administration, however this had not resulted in an agreed settlement by the time of the administration appointment.

We have engaged Taylor Wessing LLP, a firm of lawyers with experience in commercial dispute resolution, to assist with assessing the merits of the claim and to advise on the optimal strategy to realise the claim.

In order to progress the claim further, it was necessary to obtain funding for the costs of the anticipated legal process. During the period, we have agreed a litigation funding facility with the SM and are now working with Taylor Wessing LLP to implement the next legal steps to pursue this claim. We have also agreed the terms of the strategy with technical experts to assist with the Commercial Claim during the period.

As the litigation funding facility was an amendment to the existing SM funding facility, £300k previously available for repayment to SM has now been treated as a first drawdown of the litigation funding facility.

We will provide a further update on the progress of this claim in our next progress report.

#### Licence to occupy (“LTO”)

As previously reported, as part of the sale of the business and trading assets of the Company to Harland & Wolff (Methil) Limited (“the Purchaser”) on 12 February 2021, the Purchaser was granted an LTO in respect of the sites for up to six months whilst it negotiated its ongoing occupation with the landlords.

The Purchaser has not yet completed assignments of these leases however it remains in negotiation with the landlords for lease assignments), therefore the LTO arrangements remain in operation. It is expected that the leases will be assigned to the Purchaser, failing which they will be forfeited.

During the period of the LTO, all costs incurred by the Company associated with the properties have been and will continue to be recharged to the Purchaser. This primarily relates to rent and insurance costs.

#### Landlords’ Hypothec

During the period, we have agreed a settlement in respect of the last outstanding Landlords’ Hypothec claim. Please see page 12 for further details.

#### Deferred consideration

We continue to monitor the revenue triggers for possible deferred consideration associated with the sale of the business. No revenue triggers have been identified during the report period.

#### Other asset realisations

##### Insurance Refund

An insurance refund totalling £2,657 was received during the report period.

##### Book Debts

On appointment, the Company’s records showed eight book debts totalling £733k. To date, we have collected c.£257k from two debtors.

We are continuing to pursue the remaining book debts. In particular we note that Addleshaw Goddard LLP, a firm of lawyers with experience in debt recovery, has been engaged to pursue debts totalling c.£448k owing by one debtor (which are disputed by the debtor) on our behalf.

We will provide a further update on progress in our next report.



## Progress of the administration

### Summary

#### Other work done during the report period

##### **Statutory tasks**

During the period we have carried out the following tasks which primarily relate to fulfilment of statutory and compliance obligations and other tasks of an administrative nature:

- Case management actions, including updating the creditor portal for the case, filing and regular diary reviews to ensure compliance matters are dealt with accordingly;
- Statutory reporting, including the preparation of the first progress report;
- Preparing and submitting documents relating to the extension of the administration;
- Cashiering functions, including the preparation of monthly bank account reconciliations and various payments and receipts; and
- Interaction with HM Revenue & Customs (“HMRC”) in respect of VAT and Corporation Tax matters.
- Preparing documentation and obtaining approvals for the request to extend the administration, thereafter issuing the required statutory notices to creditors and filing the necessary notice with the Registrar of Companies.

These tasks are a necessary part of the engagement but do not generate any direct financial benefit for creditors.



Progress of the  
administration  
Summary

Third party costs incurred during the report period

Joint Administrators’ – Category 1 Expenses

The following third party expenses were incurred during the report period:

Legal Costs

Addleshaw Goddard

Addleshaw Goddard LLP, a firm of lawyers experienced in these areas, advised on legal matters including:

- Post-sale of business matters;
- SM funding facility amendment;
- Assistance with book debt collections; and
- General legal matters pertaining to the administration, including various correspondence with landlords;

Fees paid in the report period totals £4,143 plus VAT, bringing total fees paid to date to £60,143 plus VAT.

Taylor Wessing LLP

Taylor Wessing LLP, a firm of lawyers with experience in dispute resolution, was engaged to assist with realising the Commercial Claim.

Fees paid to date total £5,058 plus VAT and further fees of £31,062 plus VAT have been agreed (but not yet paid) for work performed up to 31 December 2021.

Taylor Wessing instructed Riaz Hussain QC to provide legal advice in relation to the Commercial Claim – a fee of £15,000 plus VAT was agreed and paid.

Having now agreed a litigation funding facility with SM for pursuit of the Commercial Claim, we are in the process of agreeing terms with Taylor Wessing for this further work.

Agents’ Costs

Paterson Boyd

Paterson Boyd, a firm of accountants with experience in this area, was instructed to assist with preparation and submission of P11D forms. For this service, Paterson Boyd was paid fees of £120 plus VAT. Fees paid to Paterson Boyd to date total £4,665 plus VAT.

Other

Having now agreed a litigation funding facility with SM for pursuit of the Commercial Claim, we are in the process of agreeing terms with technical experts to assist with the Commercial Claim. We will provide an update on this in our next progress report.

Disbursements – Category 1

Category 1 disbursements are payments made by us direct to third parties and for which no approval is required and which are summarised in the table below:

£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid
Specific Penalty Bond	230	-	230	-
Postage/Couriers	226	-	150	-
<b>Total disbursements</b>	<b>456</b>	<b>-</b>	<b>380</b>	<b>-</b>

Category 2 Expenses

These are payments:

- to us regarding the submission of a cover schedule, also referred to as the bordereau to an insurer.
- to us for reimbursement of postage costs for initial notifications.

Payment of Category 1 Expenses

Unless otherwise stated, all costs have been paid, as shown in the receipts and payments account and trading account on pages 8 and 9.

All professional costs are reviewed and analysed in detail before payment is approved.



## Progress of the administration

### Receipts and payments

#### Joint Administrators' receipts and payments account 14 June 2021 to 13 December 2021

£	SoA values	Notes	Period	To date
<b>Floating Charge Receipts</b>				
Balance at Bank	379,589		-	379,304
Cash in Hand	1,032		-	1,015
Trade Debtors	732,361		-	256,601
Plant, Machinery & Vehicles	650,000		-	500,000
Intellectual property	-		-	149,996
Goodwill	-		-	1
Employees	-		-	1
Books and records	-		-	1
Permits	-		-	1
HMRC VAT debtor	226,580		-	227,249
HMRC furlough claim	97,927		-	98,750
Insurance Claim	100,000		-	100,000
Commercial claim	17,765,782		-	-
Funding from SM	-	1	-	300,000
Bank interest gross	-	2	60	113
Insurance refund	-		2,657	2,657
<b>Total receipts</b>	<b>19,953,270</b>		<b>2,717</b>	<b>2,015,690</b>

<b>Floating Charge Payments</b>				
Trading deficit		3	(31,506)	229,581
Statutory advertising			-	95
Specific bond			-	230
Postage			-	150
Landlords' hypothec claims			-	51,294
Petitioner's fees			-	5,700
Petitioner's disbursements			-	313
Statement of Affairs costs			-	1,600
Data preservation costs			-	3,827
Agents' fees			-	5,000
Agents' disbursements			-	321
Legal fees			19,143	80,201
Legal disbursements			-	24
Administrators' fees			140,000	390,000
Administrators' pre-appointment fees			16,129	16,129
Bank charges			11	69
<b>Total payments</b>			<b>143,777</b>	<b>784,533</b>
<b>Balance</b>				<b>1,231,157</b>

<b>Made up of:</b>				
Balance held in funding account		1,2		300,017
Balance held in floating charge deposit account		2		903,418
VAT Control Account		4		27,722
<b>Balance in hand</b>				<b>1,231,157</b>

A receipts and payments account together with a separate trading account is provided opposite and on the next page, detailing the transactions during the report period and also cumulatively for the entire period of our appointment from 14 December 2020 to 13 December 2021.

#### Notes to receipts and payments account

**Note 1** - As discussed on page 5, the Scottish Ministers provided a funding facility which was initially used to meet the holding costs of the business during the sale period which has since been amended to allow the funds to be used for the purposes of pursuing the Commercial Claim.

**Note 2** - All funds are held in an interest bearing account. The associated corporation tax on interest received has been/will be accounted for to HMRC.

**Note 3** - Please refer to the trading receipts and payments account on page 9 for further details.

**Note 4** - All sums shown opposite are shown net of VAT, which is recoverable and has been and will continue to be accounted for to HMRC in due course.

#### Rounding note

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.



## Progress of the administration

### Receipts and payments

#### Joint Administrators' trading account From 14 June 2021 to 13 December 2021

£	Notes	Period	To date
<b>Receipts</b>			
HMRC furlough claim		-	99,860
Sub-supply of electricity		-	9,274
Licence to occupy receipts	1	32,579	84,454
<b>Total receipts</b>		<b>32,579</b>	<b>193,588</b>
<b>Payments</b>			
Rent		-	56,658
Wages and salaries		-	174,385
Other payroll deductions		-	24,385
PAYE		-	52,372
National insurance	2	953	41,616
Payroll / accountancy costs		120	3,165
Vehicle costs		-	1,041
Security costs		-	35,830
Utility costs		-	29,095
Telephone charges		-	4,369
Employee expenses		-	53
Computer equipment and software		-	201
<b>Total payments</b>		<b>1,073</b>	<b>423,170</b>
<b>Trading surplus/(deficit)</b>		<b>31,506</b>	<b>(229,581)</b>

A trading account is provided opposite, detailing the transactions during the report period and also cumulatively for the entire period of our appointment from 14 December 2020 to 13 December 2021.

#### Notes to trading account

**Note 1** – As discussed on page 5, the Purchaser was granted a licence to occupy the properties whilst it negotiated its ongoing occupation with the landlords. The licence to occupy arrangements remain ongoing with the Purchaser and we are continuing to recover insurance costs associated with the lease of the Methil and Arnish sites.

The associated payment of insurance costs has not yet been made.

**Note 2** – P11D returns for certain employees were completed during the report period and the national insurance contributions arising were paid to HMRC.

**Note 3** - Aside from the ongoing LTO receipts/costs, the majority of other trading costs have now been settled, save for utilities and insurance.

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.



Progress of the administration

Pre-administration costs

**Pre administration costs**

We included the following statement of pre-administration costs in our Proposals:

- Joint Administrators' pre-administration costs**
- Our work carried out pre-administration included:
- General planning for the administration including gathering information about the Company;
  - Developing a strategy for the administration;
  - Initial discussions with SM regarding the availability of a funding facility.

We were not engaged by the Company nor did we receive payment for our pre-administration work.

Time costs

In respect of the above work, we have incurred pre-administration time costs of £16,129 as detailed below.

Grade	Hours	Amount (£)
Partners & Directors	14.2	5,858
Assistant Director	13.0	4,160
Manager	24.3	6,111
<b>Total</b>	<b>51.5</b>	<b>16,129</b>

Expenses and Disbursements

No pre-appointment expenses or disbursements were incurred.

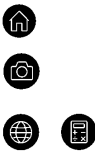
The time costs set out above were all incurred on work undertaken to implement the administration strategy and statutory purpose.

**Approval of pre-administration costs**

These costs have now been approved by consent of the secured creditor and a decision of the preferential creditors and were drawn during the report period as shown in the Receipts & Payments Account on page 8.

It should be noted that, as described at page 12, RBS has confirmed that they do not have a secured creditor claim in the administration at present, as there is currently no debt outstanding to them under their floating charge.

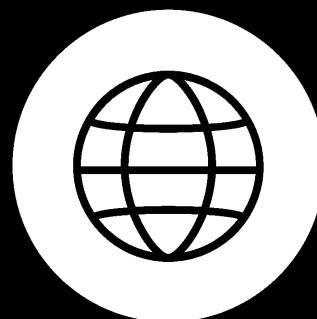
Please note that RBS (as secured creditor) declined to participate at the time we sought approval of our pre-appointment costs, for the reasons outlined above.



 **Information for creditors**

Outcome

12



## Information for creditors

### Outcome

#### Outcome for creditors

##### Secured creditors

The Company has two floating charge holders, which have 1st and 2nd ranking floating charges, respectively: RBS and SM.

##### RBS

RBS provided a warranty bond in connection with a project undertaken in 2017, which expires in September 2023 and has a maximum potential liability of c.£14.0m. To date, there has been no successful claim under this bond by the customer and accordingly there is no claim against RBS under the bond at this time. However, RBS may, in the future, have a claim against the Company in respect of the unpaid premiums to the expiry of the bond, estimated at c.£0.5m within the director's Statement of Affairs.

The eligible value of RBS's claim in the administration under its floating charge is yet to be established, but it is understood to be Nil as at the date of this report, noting that the ultimate position of their claim will depend on whether any claims are made under the bond by the customer in the future.

RBS's debt is secured by way of a floating charge which was created on 20 February 2003.

##### Scottish Ministers

SM provided a loan facility to BiFab, with the Company's records showing that c.£16.4m was owed to SM at the time of our appointment. Interest and charges will continue to accrue on this balance.

SM's debt is secured by way of a floating charge created on 12 January 2018.

SM's floating charge ranks behind RBS's floating charge.

##### Anticipated outcome

It remains the position that the outcome for RBS and SM will depend on:

- The quantum of RBS's claim in the administration, if any such claim is established in the future (which depends on whether any claim is made under the bond by the customer and the quantum of any such claim);
- Realisations achieved, particularly from the Commercial Claim.

##### Landlords' Hypothec

By way of Landlords' Hypothec, the Company's landlords had a right in security over the Company's moveable property located at their respective leased properties at the time of the administration appointment, up to the value of any unpaid rent existing on appointment.

As at 13 December 2021 payments to landlords in respect of Landlords' Hypothec claims totalled £51,294. After the period of this report a settlement of the final remaining Landlords' Hypothec claim was agreed and paid in the sum of £211,388. This figure will be included in the receipts and payments account in our next progress report.

##### Preferential creditors

Employee preferential claims may consist of amounts owed to employees for arrears of wages/salaries, holiday pay, and pension contributions.

All remaining employees at the time of the sale of the business transferred to the Purchaser under Transfer of Undertakings (Protection of Employment) ("TUPE") legislation and accordingly they do not have a preferential claim against the Company.

One employee (who had resigned prior to the sale of the business) has a preferential claim of c.£2.1k. This claim is subject to adjudication.

##### Secondary Preferential Debts due to HMRC

Secondary preferential debts are debts due to HMRC in respect of deducted taxes, including VAT, PAYE, student loan repayments, employee NICs and CIS deductions.

HMRC has submitted a preferential claim for balances owed in relation to PAYE, NI and VAT totalling c.£219k. This claim is subject to adjudication.

##### Anticipated outcome

On present information we anticipate that sufficient funds may become available to enable both the preferential creditors and secondary preferential debts to be paid in full.



## Information for creditors

### Outcome

#### Outcome for creditors (continued)

##### Unsecured creditors

We have received 31 claims to date for a total of £1,077,026 and which is significantly lower than the statement of affairs figure of £7,871,883 of 97 unsecured creditors.

On present information, it is unlikely that sufficient funds will be realised to enable a distribution to be made to unsecured creditors (save for any distribution that may be available under the Prescribed Part).

##### Prescribed Part

The Prescribed Part is an amount set aside for unsecured creditors from asset realisations that would otherwise be paid to secured creditors under their floating charge, (referred to as the net property), as set out under section 176A of the Act. It applies only where the charge was created on or after 15 September 2003.

The Prescribed Part is calculated as a % of the net property and is subject to a statutory maximum of £600,000 per company (or £800,000 where the floating charge was registered after 6 April 2020).

Where the value of the Prescribed Part is so small as to make the costs of distributing it disproportionate, the court may, on our application, disapply it.

##### Anticipated outcome

RBS's floating charge was created prior to 15 September 2003 and as such the Prescribed Part would not apply to any net property available to RBS.

SM's charge was created after 15 September 2003 (but before 6 April 2020) and as such the Prescribed Part would apply to any net property available to SM.

Therefore, funds would only be available under the Prescribed Part if RBS was repaid in full, which will depend on the quantum of RBS's claim and the realisations achieved, as discussed on the prior page.

The maximum possible Prescribed Part in this case is £600,000 whilst unsecured claims are estimated to be c.£7.9m – accordingly any Prescribed Part distribution, if available, is not expected to exceed 8p in the £.

As noted in the Proposals, in accordance with Rule 3.50 the costs associated with the prescribed part (which would chiefly comprise our costs incurred in adjudicating and processing claims) must be paid out of the prescribed part fund.

#### Claims process

Given the possibility that a dividend under the Prescribed Part may be made to unsecured creditors, we invite creditors to submit claims, following the guidance in the paragraphs below.

##### Creditors with debts of £1,000 or less

You do not need to prove your debt for dividend purposes if the amount you are owed, according to the Company's statement of affairs, is £1,000 or less. Instead, we will notify you if funds become available for dividend purposes and provide you with details of the amount at which your claim has been admitted. If you disagree with that amount, you will be provided with an opportunity to notify us of the correct amount.

Please note that should you wish to vote in a decision procedure, you will then need to submit a statement of claim to us.

##### Creditors with debts of more than £1,000

Unsecured creditors with claims of more than £1,000 are invited to submit their claims to us either directly via the case website at [www.ips-docs.com](http://www.ips-docs.com) or by downloading and completing a statement of claim form from the case website which should be sent to the address on page 3. Alternatively, a hard copy statement of claim form will be provided free of charge on request.

#### Extensions to the administration

The administration was extended by the secured creditor and the preferential creditors on 15 October 2021 and will now end on or before 14 December 2022.

Depending on the time required to realise the Commercial Claim, it may be necessary to further extend the period of the administration. This requirement will be reviewed nearer to the end date of the current period of the administration (14 December 2022) and, if necessary, the secured and preferential creditors (or court) will be asked to approve a further extension to the administration.

#### Exit

Based on our expectation that there will be no funds available for distribution to unsecured creditors (save for any distribution that may be available under the Prescribed Part), we anticipate that dissolution will be the most appropriate exit route from administration.

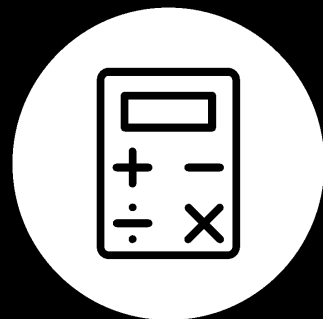




## Remuneration and expenses

Joint Administrators' remuneration

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## Remuneration and expenses

### Joint Administrators' remuneration

#### Administrators' remuneration

"A Creditors' Guide to Remuneration" is available for download at [www.ips-docs.com](http://www.ips-docs.com)

Should you require a paper copy, please send your request in writing to us at the address on page 3 of this report and this will be provided to you at no cost.

#### Basis of remuneration

On 14 April 2021 we obtained consent from SM (as secured creditor) and approval from preferential creditors:

(a) to fix the basis of our remuneration by reference to the time properly given by the Joint Administrators and their staff plus VAT thereon; and

(b) to approve our time costs and outlays for the period 14 December 2020 to 21 February 2021 in the sum of £549,063 and £379.87 respectively plus VAT thereon.

It should be noted that, as described at page 12, RBS has confirmed that they do not have a secured creditor claim in the administration at present, as there is currently no debt outstanding to them under their floating charge.

Please note that RBS (as secured creditor) declined to participate to fix the basis of our remuneration or approve our time costs for the period 14 December 2020 to 21 February 2021, for the reasons outlined above.

#### Time costs incurred

Our time costs for the period are £209,998 made up of 233 hours at an average charge out rate of £902 per hour across all grades of staff.

Our total time costs since appointment are £891,356 made up of 1,148 hours at an average rate of £776 per hour across all grades of staff.

Details of the time costs incurred and charge out rates is provided on the following pages. Time is charged in six minute increments.

#### Fees drawn to date

Further to the approval given on 14 April 2021 by the secured creditor and preferential creditors we have drawn remuneration of £140,000 plus VAT in the reporting period, bringing total fees drawn to £390,000 plus VAT.

#### Pre-Administration fees

We have also drawn Pre-Appointment fees of £16,129 plus VAT as shown in the receipts and payments account on page 8.



Remuneration and expenses  
Joint Administrators' remuneration

Charge out Rates

The range of charge out rates for the separate categories of staff is based on our 2021 national charge out rates as summarised below.

Please note that prior to 29 May 2021 (when the Financial Advisory Services practice transferred from Deloitte LLP to Teneo Financial Advisory Limited) time may have been charged to the estate by specialists from other Deloitte departments (such as Tax / VAT, Financial Advisory or Deloitte Real Estate) and whose charge out rates may fall outside the bands quoted below.

Charge out rates last increased on 1 June 2021. Details of charge out rates applicable to prior report periods were given in those reports, copies of which will be provided on request using the contact details on page 3.

Restructuring Services charge out rates (£/hour)

Grade	From 1 June 2021
Directors*	1,100 - 1,195
Associate Directors	900
Managers	815
Consultants**	650
Associate Consultants*** and support	380

\* Directors includes Senior Managing Directors and Managing Directors

\*\* Consultants includes Senior Consultant

\*\*\* Associate Consultants includes Senior Associate Consultant



## Joint Administrators' time costs for the period 14 June 2021 to 13 December 2021

All partners and technical staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

	Senior Managing Directors & Directors		Associate Directors		Managers		Consultants		Associate Consultants & Support		TOTAL		Average rate/h
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Cost (£)
Administration and Planning													
Cashiering and Statutory Filing	-	-	-	-	0.10	81.50	4.60	2,990.00	0.20	76.00	4.90	3,147.50	642.35
Case Management and Closure	20.00	22,000.00	23.70	21,330.00	0.30	244.50	20.62	13,400.84	7.58	2,881.66	72.20	59,857.00	829.04
Initial Actions	-	-	3.10	2,790.00	-	-	-	-	-	-	3.10	2,790.00	900.00
	20.00	22,000.00	26.80	24,120.00	0.40	326.00	25.22	16,390.84	7.78	2,957.66	80.20	65,794.50	820.38
Investigations													
Investigations	0.70	836.50	0.70	630.00	-	-	-	-	-	-	1.40	1,466.50	1,047.50
	0.70	836.50	0.70	630.00	-	-	-	-	-	-	1.40	1,466.50	1,047.50
Trading													
Closure of Trade	4.00	4,400.00	0.80	720.00	-	-	8.33	5,416.67	-	-	13.13	10,536.67	802.28
	4.00	4,400.00	0.80	720.00	-	-	8.33	5,416.67	-	-	13.13	10,536.67	802.28
Realisation of Assets													
Book Debts	21.00	23,100.00	22.80	20,520.00	-	-	-	-	-	-	43.80	43,620.00	995.89
Other Assets (e.g. Stock)	16.60	18,317.00	-	-	-	-	0.58	379.16	0.17	63.33	17.35	18,759.50	1,081.24
Property - Freehold and Leasehold	16.90	18,628.00	24.80	22,320.00	-	-	-	-	-	-	41.70	40,948.00	981.97
Sale of Business / Assets	-	-	0.70	630.00	-	-	-	-	-	-	0.70	630.00	900.00
	54.50	60,045.00	48.30	43,470.00	-	-	0.58	379.16	0.17	63.33	103.55	103,957.50	1,003.94
Creditors													
Employees	-	-	0.50	450.00	-	-	3.50	2,275.00	-	-	4.00	2,725.00	681.25
Secured	6.50	7,150.00	7.80	7,020.00	-	-	-	-	-	-	14.30	14,170.00	990.91
Unsecured	-	-	-	-	-	-	2.03	1,321.66	-	-	2.03	1,321.66	650.00
	6.50	7,150.00	8.30	7,470.00	-	-	5.53	3,596.66	-	-	20.33	18,216.66	895.90
Case Specific Matters													
Pensions	-	-	-	-	-	-	3.17	2,058.34	-	-	3.17	2,058.34	650.00
VAT	-	-	0.70	630.00	-	-	1.70	1,105.00	2.25	855.00	4.65	2,590.00	556.99
Tax	-	-	1.90	1,710.00	4.50	3,667.50	-	-	-	-	6.40	5,377.50	840.23
	-	-	2.60	2,340.00	4.50	3,667.50	4.87	3,163.34	2.25	855.00	14.22	10,025.84	705.22
TOTAL HOURS & COST	85.70	94,431.50	87.50	78,750.00	4.90	3,993.50	44.53	28,946.67	10.20	3,876.00	232.83	209,997.67	901.92
AVERAGE RATE/HOUR PER GRADE	£ 1,101.88		£ 900.00		£ 815.00		£ 650.00		£ 380.00				
FEEES DRAWN IN PERIOD													140,000

Joint Administrators’ time costs for the period 14 December 2020 to 13 December 2021

All partners and technical staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

	Senior Managing Directors & Directors		Associate Directors		Managers		Consultants		Associate Consultants & Support		TOTAL		Average rate/h
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Cost (£)
Administration and Planning													
Cashiering and Statutory Filing	1.35	1,395.00	2.20	1,760.00	4.60	2,916.50	23.10	12,147.50	32.50	9,464.90	63.75	27,683.90	434.26
Case Management and Closure	79.70	83,372.50	79.40	65,990.00	56.30	35,524.50	33.02	19,538.84	12.93	4,842.16	261.35	209,268.00	800.72
Initial Actions	8.00	8,200.00	7.60	6,390.00	19.75	12,442.50	-	-	2.00	800.00	37.35	27,832.50	745.18
General Reporting	1.00	1,070.00	13.00	10,400.00	30.25	19,057.50	-	-	0.30	111.00	44.55	30,638.50	687.73
	90.05	94,037.50	102.20	84,540.00	110.90	69,941.00	56.12	31,686.34	47.73	15,218.06	407.00	295,422.90	725.85
Investigations													
Investigations	0.70	836.50	0.70	630.00	-	-	-	-	-	-	1.40	1,466.50	1,047.50
Reports on Directors' Conduct	0.60	615.00	-	-	12.75	8,032.50	5.70	2,821.50	7.50	2,707.50	26.55	14,176.50	533.95
	1.30	1,451.50	0.70	630.00	12.75	8,032.50	5.70	2,821.50	7.50	2,707.50	27.95	15,643.00	559.68
Trading													
Ongoing Trading	3.00	3,075.00	7.90	6,320.00	19.25	12,127.50	-	-	36.65	13,560.50	66.80	35,083.00	525.19
Monitoring Trading	-	-	8.50	6,800.00	4.00	2,520.00	-	-	-	-	12.50	9,320.00	745.60
Closure of Trade	4.00	4,400.00	3.00	2,480.00	2.50	1,575.00	8.33	5,416.67	-	-	17.83	13,871.67	777.85
	7.00	7,475.00	19.40	15,600.00	25.75	16,222.50	8.33	5,416.67	36.65	13,560.50	97.13	58,274.67	599.95
Realisation of Assets													
Book Debts	35.00	37,517.50	51.90	44,000.00	3.25	2,047.50	1.60	792.00	-	-	91.75	84,357.00	919.42
Other Assets (e.g. Stock)	16.60	18,317.00	0.50	400.00	3.75	2,362.50	2.08	1,121.66	0.17	63.33	23.10	22,264.50	963.83
Property - Freehold and Leasehold	18.90	20,678.00	54.60	46,160.00	-	-	-	-	-	-	73.50	66,838.00	909.36
Retention of Title	-	-	0.30	240.00	-	-	-	-	-	-	0.30	240.00	800.00
Sale of Business / Assets	84.00	86,100.00	122.80	98,310.00	21.25	13,387.50	-	-	-	-	228.05	197,797.50	867.34
	154.50	162,612.50	230.10	189,110.00	28.25	17,797.50	3.68	1,913.66	0.17	63.33	416.70	371,497.00	891.52
Creditors													
Employees	10.10	10,352.50	12.50	10,050.00	2.00	1,260.00	3.50	2,275.00	25.65	9,490.50	53.75	33,428.00	621.92
Preferential	-	-	0.30	240.00	1.00	630.00	-	-	-	-	1.30	870.00	669.23
Secured	49.50	51,225.00	30.70	25,340.00	6.75	4,252.50	-	-	-	-	86.95	80,817.50	929.47
Unsecured	3.00	3,075.00	0.60	480.00	9.75	6,142.50	10.03	5,281.66	-	-	23.38	14,979.16	640.59
	62.60	64,652.50	44.10	36,110.00	19.50	12,285.00	13.53	7,556.66	25.65	9,490.50	165.38	130,094.66	786.63
Case Specific Matters													
Pensions	-	-	-	-	-	-	3.17	2,058.34	9.65	3,570.50	12.82	5,628.84	439.18
VAT	-	-	2.90	2,440.00	0.50	315.00	6.00	3,233.50	2.25	855.00	11.65	6,843.50	587.42
Tax	0.30	429.00	3.40	2,910.00	6.00	4,612.50	-	-	-	-	9.70	7,951.50	819.74
	0.30	429.00	6.30	5,350.00	6.50	4,927.50	9.17	5,291.84	11.90	4,425.50	34.17	20,423.84	597.77
TOTAL HOURS & COST													
	315.75	330,658.00	402.80	331,340.00	203.65	129,206.00	96.53	54,686.67	129.60	45,465.40	1,148.33	891,356.07	776.22
AVERAGE RATE/HOUR PER GRADE		£ 1,047.21		£ 822.59		£ 634.45		£ 566.51		£ 350.81			
FEES DRAWN												390,000.00	



Remuneration and expenses  
Detailed information

**Category 2 Expenses** These are payments to us (as officeholder) or to our associates. These expenses may initially be paid by us (for example, reimbursement to staff engaged on the case for their mileage costs) and may also include shared or allocated costs.

These expenses require creditor approval in the same manner as our remuneration.

Joint Administrators’ Category 2 Expenses (including disbursements)

No category 2 disbursements have been incurred during the period or since the date of our appointment.

Mileage is calculated at the prevailing standard mileage rate of up to 45p used at the time when the mileage is incurred.

As indicated on page 7 specific approval is required before these costs and expenses can to be drawn from the administration estate and which was given by the secured and preferential creditors on 14 April 2021; other than in relation to the Deloitte LLP costs which are discussed further below and in the column opposite.

As discussed on page 7, prior to the Transaction, the work delivered by other Deloitte service lines was included in our time costs and thus charged to the estate to be recovered out of our approved remuneration (from which an internal recharge would have then been made).

Following the Transaction, the services being delivered by Deloitte teams can no longer be charged to or form part of our time costs; they are instead being charged to the estate as Category 2 expenses, and thus subject to approval from the appropriate creditor body before payment of same can be made.

When seeking approval of category 2 expenses, we are required to explain for each expense the basis on which the expense is being charged to the estate.

In that regard, we have detailed below a summary of the services being delivered by Deloitte together with the charge out rates, where applicable:

Deloitte Global Financial Advisory India (“DIJV”)

We engaged the services of the DIJV, then an internal service delivery team, to assist with case management and administration. Their work, which is ongoing, is charged on a time costs basis, the charge out rates for which are provided below:

Deloitte LLP Charge out Rate Bands (£/hour)	
Grade	Rate (£/hour)
Partners	1430 - 1475
Directors	1205 -1240
Associate Directors	1095 - 1130
Managers/Assistant Managers	94 - 400
Consultants	565 - 845
Associates	135 - 340
Administrators/Analysts	90 - 370
Agent	34

Charge out rates last increased on 1 June 2021. Details of charge out rates applicable to prior report periods will be provided free of charge on request to those creditors that have requested this.

Creditors’ right to challenge remuneration and/or expenses

Any creditor, or creditors of the Company representing in value at least 25% of the total creditors, may apply to the court to make an order fixing the remuneration and/or expenses at a reduced amount or rate.

Such applications must be made not later than 8 weeks after the period end of this report (being 7 February 2022) detailing the remuneration and/or expenses being complained of, in accordance with Rule 3.100 of the Rules.





This document is confidential and prepared solely for your information. Therefore you should not, without our prior written consent, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

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