

The Insolvency Act 1986
Administrator's progress report

Name of Company
 Azure Oil Services Limited

Company number
 02856486

In the
 High Court, Chancery Division, Companies
 Court
(full name of court)

Court case number
 5638 of 2016

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

I (a)
 Anthony Murphy
 Harrison's Business Recovery & Insolvency
 (London) Limited
 3rd Floor
 Office 305
 31 Southampton Row
 London
 WC1B 5HJ

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

(b) Insert date

From
 (b) 13 September 2016

To
 (b) 12 March 2017

Signed

[Handwritten Signature]
 Administrator

Dated

[Handwritten Date]
 12/4/17

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

Anthony Murphy Harrison's Business Recovery & Insolvency (London) Limited 3rd Floor Office 305 31 Southampton Row London WC1B 5HJ	0207 317 9160/0207 317 9169 DX Exchange
DX Number	

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Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

Administrator's Progress Report

**Azure Oil Services Limited (in Administration) – “ the Company
/ Azure ”**

12 April 2017

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THE ADMINISTRATOR'S PROGRESS REPORT

1 Introduction

- 1.1 I was appointed as Administrator of Azure Oil Services Limited (" the Company / Azure ") on 13 September 2016. The appointment was made by Factor 21 PLC (" F21 ").
- 1.2 This administration is being handled by Harrisons Business Recovery & Insolvency (London) Limited (" Harrisons ") at 3rd Floor, Office 305, 31 Southampton Row, London, WC1B 5HJ. The administration is registered in the High Court, Chancery Division, Companies Court, reference number 5638 of 2016.
- 1.3 The trading address and registered office of the Company was Unit 9 Kernick Industrial Estate, Parkengue Kernick, Penryn, Cornwall, TR10 9EP (" the Freehold Premises "), and its registered number is 02856486. The business traded under the name Metal Surgery.
- 1.4 As Administrator, I am required to provide a progress report covering the period of six months commencing from the date Azure entered administration and every subsequent period of six months. This progress report covers the period from 13 September 2016 to 12 March 2017 (" the Period ") and *should be read in conjunction with the Administrator's Report and Statement of Proposals dated 7 November 2016.*

2 Progress of the Administration

- 2.1 You may recall that the statutory objectives being pursued in the administration are achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), and / or realising property in order to make a distribution to one or more secured or preferential creditors.
- 2.2 In addition to the pursuance of this statutory objective, the Administrator has duties imposed by insolvency and other legislation, some of which may not provide any financial benefit to creditors.
- 2.3 This section of the report provides creditors with an update on the progress made in the Period, both in terms of the achievement of the statutory objective, but also work which is required of the Administrator under other related legislation.
- 2.4 Attached at Appendix A is my Receipts and Payments Account, covering the Period of this report. Attached at Appendix B is a Time Analysis, outlining the time spent by me and my staff during the Period.
- 2.5 Further information about the basis of remuneration agreed in this case and the Administrator's fees estimate can be found in section 4 of this report, together with any relevant information about revisions to my initial estimate, where applicable.

Administration (including statutory compliance & reporting)

- 2.6 As noted above, the Administrator must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. Details about the work that I anticipated would need to be completed in this area was outlined in my initial fees estimate / information.
- 2.7 Where the costs of statutory compliance work or reporting to creditors exceeds the initial estimate, it will usually be because the duration of the case has taken longer than anticipated, possibly due to protracted asset realisations, which have in turn placed a further statutory reporting requirement on the Administrator.

- 2.8 As noted in my initial fees estimate / information, this work will not necessarily bring any financial benefit to creditors, but is required on every case by statute.

Trading

- 2.9 Following my appointment, steps were taken to immediately assess whether it would be feasible for the Administrator to continue trading the business whilst a buyer for all or part of the Company's business was sought.
- 2.10 Although the decision was taken not to continue trading and actively market the business for a going concern sale (please see paragraphs 3.5.1 to 3.5.6 of the Administrator's Report and Statement of Proposals dated 7 November 2016), my staff attended site immediately upon appointment in order to conduct the necessary review.
- 2.11 Whilst on site, I also managed employee issues and, once the decision was made to cease trading, all of Azure's employees were dismissed.
- 2.12 During the period on site, I also dealt with any necessary health and safety inspections, obtained necessary insurance cover on the Company's assets via my brokers (AUA Insolvency Risk Services Limited), liaised with my agents (Lambert Smith Hampton Group Limited – " LSH ") and secured the books and records of Azure.

Realisation of Assets

Chattel Assets and Work in Progress

- 2.13 As previously reported, certain items of plant, machinery and office furniture and equipment, as well as the unfinished work in progress lying on site at the time of appointment, were sold to Fancy Dress Superstore Limited (" FDS ") for £15,000 (please see paragraphs 3.10 to 3.13 of the Administrator's Report and Statement of Proposals dated 7 November 2017 for full details).
- 2.14 On LSH's recommendations, the balance of the Company's chattel assets were disposed of by way of an online auction conducted by LSH, which took place during the second week of December 2016.
- 2.15 Realisations from the auction totalled £29,785 plus VAT and the funds were received into the administration estate from LSH on 15 February 2017.
- 2.16 As previously reported, several items of machinery and office equipment were subject to finance or rental agreements.
- 2.17 In conjunction with LSH, the Administrator spent considerable time dealing with these finance / leasing companies in order to establish ownership of the assets. This work did not necessarily bring any financial benefit to creditors, but was necessary.

Licence Fee

- 2.18 As previously reported, I granted FDS a short term licence to occupy the Freehold Premises in order to continue the business activities (please see paragraphs 3.15 to 3.17 of the Administrator's Report and Statement of Proposals dated 7 November 2017 for full details).
- 2.19 Under the terms of the licence, FDS paid a licence fee of £1,500 per month and in total £4,500 was received prior to the Administrator requiring vacant possession of the Freehold Premises.
- 2.20 The Freehold Premises is owned by the parent company, Garraf Limited, and as such not an asset of the Company. There is no formal lease with any potential value.

Other Receipts

- 2.21 Other nominal receipts in the Period include a small amount of funds held in Azure's solicitor's client account (£48) and a small amount of bank interest (£15).

Book Debts

- 2.22 The Company's book debts are subject to a factoring agreement with F21 and, as such, any recoveries made are not generally available for the benefit of creditors. At the date of appointment, the book debts totalled some £216,000, against which £170,435 (excluding termination fees) was due to F21.
- 2.23 On appointment, the Company's largest customer owed approximately £165,000 to Azure. The amount due is disputed, and the Company has received a counter claim in respect of the work that has been completed.
- 2.24 I have instructed an independent Quantity Surveyor, Robert Pearce Associates (" RPA "), to assist in the recovery of this disputed debt.
- 2.25 At this stage, I do not wish to disclose any further information regarding the disputed debt, as this may prejudice ongoing negotiations and jeopardise future recoveries.
- 2.26 Since appointment, F21 has continued to collect the remainder of the outstanding book debts. At the time of writing this report, the outstanding gross debtor ledger totals £177,256, of which £165,000 is owed by Azure's largest customer. F21 is currently owed £118,393 (excluding termination fees).

Residential Flat

- 2.27 As reported above, Azure owned a residential flat in Plymouth (" the Flat "), which was being occupied by the Director.
- 2.28 The Flat was subject to a mortgage in favour of Bath Investment & Building Society (" BIBS ") and F21 has a secondary interest in the Flat, behind BIBS, under its fixed charge security.
- 2.29 Any surplus arising from the disposal of the Flat, and after the repayment of the BIBS mortgage and the associated costs of disposal, would be available to satisfy Azure's indebtedness to F21, in the event F21 is not repaid from debtor recoveries.
- 2.30 I instructed Best Gapp & Cassells (" Best Gapp "), independent property agents, to provide a RICS Red Book Market Valuation report, conduct marketing and assist with the disposal of the Flat.
- 2.31 I completed a sale of the Flat on 13 March 2017 for £393,000. As completion and receipt of the sales proceeds occurred after the reporting Period, the sale of the Flat does not appear in the Receipts and Payments Account attached at Appendix A. This asset realisation will be formally reported in my next progress report to creditors. There is unlikely to be any residual value in the Flat for the benefit of unsecured creditors, after the sale proceeds have been applied to satisfy the debt of F21.
- 2.32 Please note that, during the Period, mortgage payments totalling £3,111 were made to BIBS in respect of the Flat, in order prevent BIBS taking its own recovery action. This preserved the value in the Flat for the benefit of F21.
- 2.33 It is considered that the work the Administrator and his staff have undertaken to date brought a financial benefit to the secured creditor.

Director's Loan

- 2.34 Upon appointment, the Director, Mr Walters, advised that he personally owed money to Azure in respect of a Director's loan.
- 2.35 During the Period, I have undertaken a review of the Company's books and records and established that the Director owes £525,174 to Azure. This is comprised of an outstanding Director's Loan Account of £970,000, less a Director's Current Account Liability of £444,826.
- 2.36 In December 2016, Mr Walters proposed an Individual Voluntary Arrangement (" IVA "), which was accepted by his creditors. From the IVA proposal, it appears that creditors are likely to receive a dividend rate of approximately 1.67 pence in the Pound, which could lead to a dividend payment of some £8,700 being received by the Company for the benefit of the administration estate.

Underlease

- 2.37 Azure holds the underlease to a car park located in Falmouth, Cornwall. The underlease is not shown as an asset in the balance sheet of the Company, and holds no value according to the Director. I have reviewed the underlease and concur with this view. Accordingly, there have been no realisations in respect of the underlease and no further work will be done in dealing with this potential asset.

Creditors (claims and distributions)

- 2.38 Further information on the anticipated outcome for creditors in this case can be found at section 5 of this report. An Administrator is not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.
- 2.39 Claims from preferential creditors typically involve employee claims and payments made on behalf of Azure by the Redundancy Payments Service following dismissal.
- 2.40 The above work will not necessarily bring any financial benefit to creditors generally, however, an Administrator is required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Administrator in dealing with those claims.
- 2.41 I consider the following matters worth noting in my report to creditors at this stage:
- There are approximately 87 unsecured creditors in this case with a combined value of £413,427, according to the Director's Statement of Affairs.
 - There are two secured creditors who are owed approximately £438,000.
 - I have been required to deal with 12 employees, to provide support and assistance in lodging claims they were entitled to make for unpaid wages, holiday pay and other statutory entitlements from the National Insurance Fund.
 - I have received a preferential creditor claims totalling £14,835 from the Redundancy Payments Service.

Investigations

- 2.42 Some of the work the Administrator is required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 (" CDDA 1986 ") and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Administrator can pursue for the benefit of creditors.
- 2.43 I can confirm that I have submitted a report on the conduct of the Director of the Company to the Department for Business, Energy & Industrial Strategy under the CDDA 1986. As this is a confidential report, I am unable to disclose the contents.
- 2.44 Shortly after appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors as a response to my request to complete an investigation questionnaire. My investigations have not revealed any issues requiring further report or any further potential recoveries, which could be pursued for the benefit of creditors.

3 Pre-Administration Costs

- 3.1 On 7 December 2016, the following amounts in respect of pre-administration costs were approved by F21:

Name of supplier	Brief description of services provided	Total amount approved £
Harrisons	Please see the Administrator's Report and Statement of Proposals dated 7 November 2017.	13,246
PDT Solicitors	Please see the Administrator's Report and Statement of Proposals dated 7 November 2017.	1,540

- 3.2 Harrisons' pre-administration fees have not yet been paid, and will be paid if and when the Administrator is holding sufficient funds in the case to discharge these costs.

4 Administrator's Remuneration

- 4.1 The basis of the Administrator's fees has been fixed in the administration by reference to the time properly spent by me and my staff in managing the administration and dealing with the Company's affairs. My fees estimate / information was originally provided to F21 when the basis of my remuneration was approved and was based on information available to me at that time.
- 4.2 A copy of that fees estimate is provided below:

Category of work	Estimated Number of Hours	Average blended charge out rate £	Estimated cost £
Administration (including statutory compliance & reporting)	175	200	35,000
Realisation of assets	65	300	19,500

Creditors	48	250	12,000
Investigations	40	250	10,000
Total estimated fees			76,500

4.3 My time costs for the Period are £75,666. This represents 294 hours at an average rate of £257 per hour. Attached at Appendix B is a Time Analysis, which provides details of the activity costs incurred by staff grade during the Period in respect of the costs fixed by reference to time properly spent in managing the administration. To date, £15,000 has been drawn on account.

4.4 I now consider that the fee estimate I previously provided for the administration is insufficient to complete my duties as a result of:

- The Company's affairs requiring more extensive investigation than previously anticipated. This is due to the books and records of Azure not being well kept, and the Director having a limited understanding of the day to day affairs of the business.
- The Company's asset realisations have proved more protracted than was initially anticipated. This is predominantly due to the ongoing negotiations for the disputed debt and a protracted sale of the Flat.
- Dealing with the claims of the Company's creditors has taken more time than initially anticipated, again due to the state of Azure's books and records.

4.5 I am not currently seeking approval of a revised fees estimate because, at this stage, it is uncertain whether asset realisations will be sufficient to enable Administrator's fees to be paid over and above the original fees estimate. If a revised fees estimate is required, I will advise creditors of this at a later date.

4.6 A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from <http://www.harrisons.uk.com/creditors-guide-fees>.

4.7 Attached at Appendix C is additional information in relation to the Administrator's fees, expenses and disbursements, including where relevant, information on the use of subcontractors and professional advisers.

4.8 The following expenses have been incurred during the Period:

Supplier / Service Provider	Nature of expense incurred	Amount incurred to date £	Paid to date £	Amount Outstanding £
Lambert Smith Hampton Group Limited	Agents' fees and disbursements for the valuation and sale of Azure's assets.	19,137	19,137	Nil
PDT Solicitors (post appointment)	Legal fees and disbursements for assisting with the appointment of the Administrator, preparing the necessary appointment documentation, preparing the licence to occupy and general advice and assistance during the administration.	3,592	3,592	Nil
Total Data Management Limited	Collection, lodgement, listing and storage of the Company's books and records.	776	776	Nil

AUA Risk Limited	Insolvency Services	Insurance premiums	181	181	Nil
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5 Estimated Outcome for Creditors

Secured Creditors

- 5.1 BIBS has a mortgage over the Flat owned by Azure. The final amount due to BIBS in respect of the mortgage totals £319,667. *BIBS has been repaid in full from the sale of the Flat after the reporting Period (to be formally reported in my next progress report to creditors).*
- 5.2 F21 is continuing to collect the book debts to discharge the Company's indebtedness. F21 is currently owed £118,393 (excluding termination charges).
- 5.3 It is currently uncertain whether F21 will be repaid in full, and is dependent upon final realisations in relation to the disputed debt.

Preferential Creditors

- 5.4 A summary of preferential claims received is detailed below.

Preferential claim	Claim £	Dividend paid pence in the £1
Department for Business, Energy & Industrial Strategy (BEIS)	14,835	Nil

- 5.5 It is currently uncertain whether a dividend will be paid to the preferential creditors of the Company, which is dependent on the final level of asset realisations and the final costs of the administration.

Unsecured Creditors

- 5.6 I have received claims totalling £324,818 from 43 creditors. I have yet to receive claims from 44 creditors whose debts total £163,808 as per Azure's records.
- 5.7 The Company granted a floating charge to F21 on 4 September 2015. Accordingly, I am required to create a fund out of Azure's net floating charge property for unsecured creditors (known as the " Prescribed Part ").
- 5.8 Based on present information, it is currently uncertain whether the Prescribed Part will be applicable. *N.B. The Prescribed Part will only be applicable in the event that F21 does not enjoy a full recovery under its fixed charge.*

6 Ending the Administration

- 6.1 If the Administrator makes a distribution to the unsecured creditors from the Prescribed Part within the administration, a notice will thereafter be filed at Court and with the Registrar of Companies with the Administrator's final report, for the dissolution of Azure.
- 6.2 The same notice will be filed and the Company moved to dissolution if the Administrator thinks that Azure has no property which might permit a distribution to its unsecured creditors. A copy of these documents will be sent to the Company and its creditors.

6.3 The Administrator will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon his appointment as Administrator ceasing to have effect.

7 Creditors' Rights

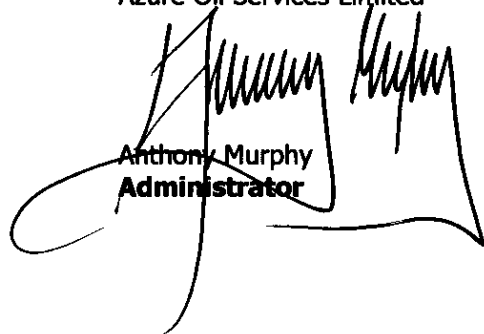
7.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Administrator provides further information about his remuneration or expenses (other than pre-administration costs), which have been itemised in this progress report.

7.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may, within 8 weeks of receipt of this progress report, make an application to Court on the grounds that, in all the circumstances, the basis fixed for the Administrator's remuneration is inappropriate and / or the remuneration charged or the expenses incurred by the Administrator , as set out in this progress report, are excessive.

8 Next Report

8.1 The Administrator is required to provide a progress report within one month of the end of the next six months of the administration, or earlier if the administration has been finalised or is to be extended.

For and on behalf of
Azure Oil Services Limited



Anthony Murphy
Administrator

The Administrator acts as agent of the Company and without personal liability. The affairs, business and property of the Company are being managed by the Administrator, Anthony Murphy.

Appendix A

Receipts and Payments Account from 13 September 2016 to 12 March 2017

Azure Oil Services Limited
(in Administration)
Administrator's Summary of Receipts & Payments

Statement of Affairs		From 13/09/2016 To 12/03/2017
£		£
	ASSET REALISATIONS	
415,000.00	Leasehold Property	Nil
	COST OF REALISATIONS	
	Mortgage Payments	<u>(3,111.00)</u>
		(3,111.00)
	ASSET REALISATIONS	
14,000.00	Plant & Machinery	43,785.00
1,000.00	Stock/WIP	1,000.00
Nil	Licence Fee	4,500.00
Nil	Client Account Monies	48.41
Nil	Bank Interest Gross	<u>14.59</u>
		49,348.00
	COST OF REALISATIONS	
	Administrator's Fees	(15,000.00)
	Agents' Fees	(11,324.20)
	Agents' Disbursements	(7,812.68)
	Legal Fees	(4,700.00)
	Legal Disbursements	(181.80)
	Storage Costs	(775.72)
	Insurance of Assets	<u>(180.67)</u>
		(39,975.07)
		<u>6,261.93</u>
	REPRESENTED BY	
	Cash at Bank - Floating (Interest Bearing)	7,296.41
	VAT Payable	(1,034.48)
		<u>6,261.93</u>

Time Entry - Detailed SIP9 Time & Cost Summary

AZURE001 - Azure Oil Services Limited
 From: 13/09/2016 To: 12/03/2017
 All Post Appointment Project Codes

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
101 Case planning	3.00	0.00	1.70	0.00	4.70	1,598.50	340.11
102 Administrative set-up	0.00	0.00	0.30	0.60	0.90	135.50	150.56
103 Appointment notification	0.00	0.00	5.00	0.15	5.15	807.00	156.70
104 Maintenance of records	0.00	0.50	5.40	2.10	8.00	1,327.50	165.94
112 Dealing with Existing Advisors	0.30	0.00	1.10	0.00	1.40	322.00	230.00
113 Dealing with Directors	3.00	2.60	2.20	0.00	7.80	2,472.00	316.92
120 : General Correspondence	0.00	0.00	5.10	0.00	5.10	804.50	157.75
136 Admin - Month 1 Review	0.00	0.20	0.50	0.00	0.70	148.50	212.14
141 Admin - Case Specific Review	0.00	0.00	0.90	0.00	0.90	139.50	155.00
143 Admin - Financials - SOA, EoS, I&E	0.00	1.50	0.00	0.00	1.50	457.50	305.00
146 : Admin - P49 Report	4.10	16.00	14.00	2.00	36.10	9,070.50	251.26
147 Admin - Administration 6 Month Progress Report	0.00	0.00	0.60	0.00	0.60	105.00	175.00
158 Admin - Court Filings - BKY/JVA/CVAM/UCADM	0.00	0.50	0.00	0.00	0.50	157.50	315.00
159 Admin - Appointment Holder VAT426/427/833	0.00	0.00	2.10	0.00	2.10	365.50	174.05
160 Admin - Appointment Holder CT1600	0.00	0.00	0.50	0.00	0.50	87.50	175.00
180 : Bonding - Initial Bond Calculation	0.00	0.50	1.80	0.00	2.30	431.50	187.61
181 : Bonding - Bond Review	0.00	0.00	0.80	0.00	0.80	140.00	175.00
184 : Cashier - Client Account Reconciliations	0.00	0.00	0.00	2.40	2.40	336.00	140.00
186 : Cashier - Receipts	0.00	0.00	3.00	0.00	3.00	947.00	152.74
187 : Cashier - Payments	0.00	0.00	2.80	3.10	5.90	888.00	150.51
192 : Pensions - Pension Searches	0.00	0.00	0.20	0.00	0.20	31.00	155.00
193 : Pensions - s120 Forms & Submission	0.00	0.00	1.00	0.00	1.00	155.00	155.00
195 : Pensions - Pension Trustee Dealings	0.30	0.00	0.00	0.00	0.30	133.50	445.00
Administration & Planning	10.70	21.90	49.00	13.55	95.05	21,060.50	221.57
606 Client Dealings/Communications	0.00	0.00	0.10	0.00	0.10	15.50	155.00
Case specific matters	0.00	0.00	0.10	0.00	0.10	15.50	155.00
500 : Creditors	1.70	0.00	3.90	4.00	9.60	1,701.00	177.19
501 Communication with creditors	1.80	0.60	9.90	0.00	12.30	2,568.50	208.82
504 Claims Trade and Expense	0.00	0.00	4.70	0.00	4.70	736.50	156.70
505 Claims HP and Leasing	0.00	5.50	7.30	0.00	12.80	2,809.00	219.45
508 Secured Creditors	3.90	4.70	1.10	0.00	9.70	3,381.50	348.61
516 : Employee - Pref Claims (Wages/Hol)	0.00	4.00	9.00	0.50	13.50	2,671.00	197.85
517 Employee - Unsecured (Rea/FILON)	0.30	0.00	0.10	0.00	0.40	149.00	372.50
519 : Claims - HMRC	0.00	0.00	0.40	0.00	0.40	68.00	170.00
Creditors	7.70	14.80	36.40	4.50	63.40	14,084.50	222.15
205 : General Investigations	6.90	0.30	16.00	0.00	23.20	5,750.00	247.84
207 : CDDA Report	0.10	0.00	1.20	0.00	1.30	254.50	195.77
Investigations	7.00	0.30	17.20	0.00	24.50	6,004.50	245.08
300 : Realisation of assets	3.10	1.60	3.20	0.00	7.90	2,418.50	306.14
301 : Ident, securing and insuring assets	0.00	0.00	10.90	0.00	10.90	1,691.50	155.18
302 : ROT	0.20	0.20	2.50	0.00	2.90	537.50	185.34

Time Entry - Detailed SIP9 Time & Cost Summary

AZURE001 - Azure Oil Services Limited
 From: 13/09/2016 To: 12/03/2017
 All Post Appointment Project Codes

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
303 Debt collection	8.40	8.80	6.70	0.50	24.50	7,655.50	312.47
304 Sale of business and assets	0.30	0.00	0.00	0.00	0.30	133.50	445.00
307 : Other Assets	0.00	0.20	0.00	0.00	0.20	63.00	315.00
311 : Agents - Realisation of Assets	0.70	6.30	1.00	0.00	8.00	2,420.00	302.50
312 Legal - Realisation of Assets	0.00	1.20	0.00	0.00	1.20	378.00	315.00
313 Agents - Debt Collection	0.00	4.70	0.00	0.00	4.70	1,467.50	312.23
315 : Freehold Land & Property	2.90	5.50	2.10	0.00	10.50	3,355.50	319.57
316 Leasehold Land & Property	2.70	0.00	1.00	0.00	3.70	1,368.86	369.86
317 Leases/Licences	17.80	0.00	3.70	0.00	21.30	8,405.50	394.62
320 Overdrawn Director Loans	0.00	0.00	0.20	0.00	0.20	31.00	155.00
Realisations of Assets	35.90	28.80	31.30	0.50	96.30	29,925.50	310.75
401 : Management of operations	0.00	15.00	0.00	0.00	15.00	4,575.00	305.00
Trading	0.00	15.00	0.00	0.00	15.00	4,575.00	305.00
Total Hours	61.30	80.50	134.00	18.55	294.35	75,665.50	257.06
Total Fees Claimed						15,000.00	

Appendix C

Additional Information in Relation to the Administrator's Fees, Expenses & Disbursements

1 Staff Allocation and the Use of Sub-Contractors

- 1.1 The general approach to resourcing Harrison's assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 1.2 The constitution of the case team will usually consist of a Director, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment.
- 1.3 I am not proposing to utilise the services of any sub-contractors in this case.

2 Professional Advisors

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

Name of Professional Advisor	Basis of Fee Arrangement
PDT Solicitors (legal advice)	Hourly rate and disbursements
AJA Insolvency Risk Services Limited (insurance)	Risk based premium
Lambert Smith Hampton Group Limited (valuation and disposal advice)	Hourly rate, disbursements and % of realisations

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

3 Administrator's Expenses & Disbursements

- 3.1 The estimate of expenses (including disbursements) which were anticipated at the outset of the administration was provided to creditors in the Administrator's Proposals Report, a copy of which is set out below:

Expense	Estimated cost £
Agents' costs (freehold property)	10,000 – 15,000
Agents' costs (chattel assets)	5,000 – 10,000
Agents' costs (book debt collection)	Uncertain
Solicitors' costs	4,882
Insurance	1,000
Statutory advertising	79
Specific penalty bond	58
Collection and external storage of the Company's books and records	1,000

Re-direction of the Company's mail	350
Case related travel & subsistence	735
Search costs	2
Category 2 disbursements charged by the firm:	
Business mileage	768

Current position of Administrator's expenses

- 3.2 An analysis of the expenses paid to the date of this report, together with those incurred but not paid at the date of this report is provided below:

	Paid in prior period £	Paid in the period covered by this report £	Incurred but not paid to date £	Total anticipated cost £
Agents' costs (freehold property)	N/A	Nil	13,590	13,590
Agents' costs (chattel assets)	N/A	19,137	Nil	19,137
Solicitors' costs	N/A	4,882	3,500	8,382
Insurance	N/A	181	Nil	181
Statutory advertising	N/A	Nil	79	79
Specific penalty bond	N/A	Nil	58	58
External storage of books & records	N/A	776	776	1,000
Re-direction of the Company's mail	N/A	Nil	350	350
Case related travel & subsistence	N/A	Nil	735	735
Search costs	N/A	Nil	2	2
Category 2 disbursements				
Business mileage	N/A	Nil	768	768

- 3.3 Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as Category 1 disbursements to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. These disbursements are included in the tables of expenses above.
- 3.4 Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, such as internal room hire, document storage or business mileage. Details of Category 2 disbursements charged by Harrison's (where appropriate) were provided in the Administrator's Proposals Report and approved by creditors. Any Category 2 disbursements incurred are specifically highlighted in the tables of expenses above.

4 Charge-Out Rates

- 4.1 Harrison's current charge-out rates effective from 1 July 2016 are detailed below. Please note Harrison's records its time in minimum units of 6 minutes.

	2016/2017
	£
Directors	305 – 550
Managers	250 – 350
Senior Case Supervisors	175 – 250
Case Supervisors	125 – 205