

# 2.24B

The Insolvency Act 1986

## Administrator's progress report

Name of Company AAG SWEPCO LIMITED
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Company number 04814761
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In the High Court of Justice, Chancery Division Leeds District Registry <small>(full name of court)</small>
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Court case number 2362 of 2009
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(a) Insert full name(s) and address(es) of administrator(s)

I/We (a)  
Gordon Smythe Goldie  
Tait Walker  
Bulman House  
Regent Centre, Gosforth  
Newcastle upon Tyne  
NE3 3LS

Allan David Kelly  
  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

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

(b) Insert date

From (b) 21 August 2009
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To (b) 20 February 2010
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Signed

Joint / Administrator(s)

Dated

16/3/10

### 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

Gordon Smythe Goldie Tait Walker Bulman House Regent Centre, Gosforth Newcastle upon Tyne NE3 3LS	0191 285 0321 DX Exchange
DX Number	

THURSDAY



A36 18/03/2010 347

COMPANIES HOUSE

ode

When you have completed and signed this form, please send it to the Registrar of Companies at -  
**Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff**



TAIT WALKER

CHARTERED ACCOUNTANTS

**Report to creditors**

**16 March 2010**

### Summary

Company	AAG Swepeco Limited
Type of Insolvency	Administration
Administrators Appointed	Gordon Smythe Goldie and Allan David Kelly
Date of Appointment	21/08/2009
Registered Office	Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS
Principal Activity.	Electrical & Mechanical Engineers

### Dividend Prospects

	Current Estimate p in £	Previous Estimate p in £
Preferential	100	uncertain
Unsecured	2 - 5	nil

Please note that these dividend prospects are dependant upon asset realisations and agreeing creditor claims. You should seek your own guidance in respect of any bad debt provision.

Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS  
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**TO ALL CREDITORS**

Our Ref  
GSG/ADK/AL/CL/10989/PE8 I

Your Ref

Date 16 March 2010

Dear Sirs

**AAG Swepeco Limited - In Administration  
Progress Report to Creditors**

In accordance with Rule 2.47 of the Insolvency Rules 1986 (as amended) ("the Rules"), we provide creditors herein with a progress report following our appointment as Joint Administrators of AAG Swepeco Limited ("the Company") on 21 August 2009

**General Information**

Included with and attached to this report are the statutory details of the Company and information regarding the appointment of Joint Administrators as required by Rule 2.47 of the Insolvency Rules 1986 (as amended) including Form 2.24B.

**Receipts and Payments Account**

We attach for your information the Joint Administrators abstract of Receipts and Payments for the six month period ended 20 February 2010. We would comment specifically as follows -

On appointment we identified debtors with a book value in excess of £2,000,000. There was, however, a number of proforma invoices for work that was yet to be started and the debts were uncollectable as the service could not be delivered.

A significant number of debts identified as outstanding are subject to disputes between the main contractors and Swepeco. Furthermore, due to the contractual nature of the work, debtor balances are also subject to counterclaims as a result of the administration and the cessation of work on site.

We have engaged Summers Inman LLP as independent quantity surveyors to assist us in determining the quantum of any disputes and counterclaims against the remaining debtors. Both ourselves and Summers Inman LLP are in correspondence and negotiations with a number of the debtors regarding these matters.

**MEMBERS** David R Arthur FCA Anthony L Crawley FCA Graham J Moore FCA Gordon S Goldie FCA FABRP Mark R C Brunton BSc (Hons) FCA ATII Michael A Smith BA (Hons) FCA Andrew J Moorby ACA ATII Allan D Kelly FCCA MABRP CF Stephen C Plaskitt BSc (Hons) FCA CF Brian A Laidlaw BA CA ASSOCIATES Christopher D Hodgson BA (Hons) ACA ATII Mavis V Lawley FCCA Julie Harrison FCA Lynn Marshall MABRP Adrienne Paterson ATII Iain S Richardson BA (Hons) ACA CF Simon M J Brown BA (Hons) ACA

Tait Walker Corporate Recovery is a trading style of Tait Walker Advisory Services LLP  
Company Number 0C340418 Registered in England  
Registered Address Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

Gordon Smythe Goldie Allan David Kelly and Andrea Lynn Marshall are licensed to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales



**THE INSTITUTE  
OF CHARTERED  
ACCOUNTANTS**  
IN ENGLAND AND WALES



Creditors should note that on certain contracts, the contracting party is AAG Electrical Limited, not AAG Swepeco Limited We are seeking legal advice regarding the position on receipts on the same as AAG Electrical Limited was essentially dormant and the contracts were performed by Swepeco

### *Outstanding Matters*

A substantial amount of the work in respect of the conduct of the Administration has been undertaken, however, a number of matters still need to be concluded as follows -

- Establish outstanding book debts, contracting parties and yet to be certified work in progress,
- Agreeing, and payment of, secured creditor claims,
- Agreeing and the claims of the preferential creditors, and making any distribution therein, as applicable (should the employees be deemed employees of Swepeco),
- Dealing with unsecured creditor enquiries,
- Dealing with employee claims and queries, as appropriate,
- Continuing with our ongoing duties as Administrators including statutory reporting and compliance.

### **Professional Advisers**

On this assignment, the Administrators have used the professional advisors listed hereafter, together with details of the basis of our fee agreement with them

<i>Name of Professional Advisor</i>	<i>Nature of Work</i>	<i>Basis of Fee Agreement</i>
James Sutherland (Auctioneers) Ltd	Chattel asset agents	Percentage of realisations
Pinsent Mason	Solicitors	Time costs
Summers Inman llp	Quantity surveyors	Percentage of realisations

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them We consider that the fees charged are reasonable in the circumstance of this case

### **Administrators' Fees**

Enclosed at Appendix II is a summary of time costs as prescribed by Statement of Insolvency Practice 9 A copy of Statement of Insolvency Practice 9 - A Guide to Administrators Fees can be downloaded from <http://www.icaew.com/index.cfm?route=146784> or provided upon written request from this office

We also enclose a copy of Tait Walker - Statement on Remuneration and Expenses in Insolvency Proceedings which details our current charge out rates and expenses recovery policy

Total time spent to 20 February 2010 on this assignment amounts to 339 hours 18 minutes resulting in time costs of £49,345 50 A further amount of £2,441 60 has been expended by Tait Walker prior to the appointment of the Administrators of which £2,441 60 is attributable



to obtaining the Administrators appointment, and assessing whether Administration was the most suitable route for the Company. Pre appointment time not specific to obtaining the appointment and assessing the suitability of the Administration has not be recovered by Tait Walker

Our remuneration has, where appropriate, been approved by the secured and preferential creditors

### **Secured Creditors**

Bank of Scotland held fixed and floating charges dated 25 August 2007 together with cross guarantees in relation to the debt due from AAG Electrical Limited

Our solicitors confirmed the validity of the charge

### **Dividend Prospects**

The return to unsecured creditors has not yet been determined as a number of creditors have yet to prove their claims and the level of future realisations is uncertain. Any dividend to the unsecured creditors will relate solely to distributions under the prescribed part

As you are aware, the position regarding the debtors is fluid and may change subject to final legal advice. Assuming the debtors which have, so far, been recorded in AAG Electrical Limited are part of the estate of Swecpo we envisage a dividend of some 2-5p in the £ after the ongoing costs of the administration.

The Prescribed Part (Section 176(A) of the Act) is a proportion of floating charge asset realisations, net of costs, which are set aside for the benefit of unsecured creditors. The Prescribed Part applies to floating charges created on or after the 15 September 2003 only.

The Prescribed Part is calculated using a formula laid down in the Act as follows:

- 50% of the net property up to £10,000,
- 20% of the net property in excess of £10,000,
- Subject to a maximum amount of £600,000.

We estimate, to the best of our knowledge and belief based on the information known to date, that

- The value of the Company's net property, before any costs, will be, based on anticipated realisations, £280,000 and
- The value of the prescribed part of the net property will be in the region of £59,000

The Administrators may seek a Court order not to distribute the Prescribed Part if they consider that the costs of making a distribution will be disproportionate to the benefits, or can automatically conclude the same without Court approval if the net property is below £10,000



### **Extension of administration**

The appointment of Administrators automatically terminates one year after appointment unless the Court or creditors agree that the appointment can be extended. In order to agree creditor's claims, deal with the collection of the deferred consideration and to allow time to pay a dividend to the creditors, we consider that this would not be possible within the one year period.

We enclose herein form 2 25B with a resolution for the extension to 20 February 2011.

To consent to the extension please return the Form 2 25B to our office before 1 April 2010.

### **Conclusion**

We will report again in 6 months, or on the conclusion of the Administration, whichever is sooner. However in the meantime should you wish to discuss any of the contents within this report or the Administration in general, please do not hesitate to contact Andrew Little or Christopher Lott.

Yours faithfully  
For and on behalf of  
AAG SWEPCO LIMITED

Gordon Smythe Goldie & Allan David Kelly  
Joint Administrators

The affairs, business and property of the Company are being managed by Gordon Smythe Goldie and Allan David Kelly as Joint Administrators, who act as agents of the Company and without any personal liability.



## Appendix I

### Statutory Details

#### Company Information

Company Name	AAG Swepeco Limited
Previous Name	AAG Sepco Limited
Company Number	04814761
Date of Incorporation	30/06/2003
Trading Address	Belasis Business Centre, Coxwold Way, Belasis Hall Technology Park, Billingham, Cleveland
Registered Office	Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS
Principal Activity	Electrical & Mechanical Contractors

#### Appointment Details

Date of Appointment	21/08/2009
Appointment made by	Bank of Scotland as Qualifying Floating Chargeholder
Court details	High Court of Justice, Chancery Division, Leeds District Registry
Court Reference	2363 of 2009
Administrators Appointed	Gordon Smythe Goldie            IP Number 5799 Allan David Kelly                IP Number 9156
Administrators Address	Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne NE3 3LS
Administrators function	The Joint Administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an Administrator may be done by any one or more persons holding the office of Administrator from time to time.
Changes in office holder	n/a
Extension of Administration	proposed to 20 February 2011
EC Regulation on Insolvency	It is considered that the EC Regulation applies and that these are main proceedings as defined in Article 3 of the EC Regulation. The company is registered in the UK (England and Wales), trades within the UK and the majority of its assets and creditors are entirely within the UK.

Table of time spent and charge out value from 21 August 2009 to 20 February 2010

Classification of Work Function	Hours						Time Cost £	Average Hourly Rate
	Partner	Manager	Administrator	Admin & Support Staff	Total Hours			
Admin & Planning	0 00	4 40	8 20	19 30	31.90	3,492.30	109.48	
Creditors	0 90	0 00	78 80	18 60	98.30	9,963.60	101.36	
Debtors	14 10	45 15	24 90	5 10	89.25	18,271.60	204.72	
Employees	0 00	2 00	52 40	0 00	54.40	6,552.00	120.44	
Investigation	0 00	0 00	0 80	0 00	0.80	100.00	125.00	
Other Matters	2 50	0 00	28 90	0 00	31.40	4,168.00	132.74	
Realisation of Assets	3 60	7 00	1 30	0 00	11.90	2,844.00	238.99	
Statutory Matters	1 25	9 50	10 00	0 00	20.75	3,810.00	183.61	
Retention of Title	0 00	0 60	0 00	0 00	0.60	144.00	240.00	
<b>Total</b>	<b>22 35</b>	<b>68 65</b>	<b>205 30</b>	<b>43 00</b>	<b>339.30</b>	<b>49,345.50</b>	<b>145.43</b>	
					<b>Total Fees Claimed</b>	<b>25,000.00</b>		







**AAG SWEPCO LIMITED**  
**(In Administration)**

**Summary of Receipts & Payments**  
**21 August 2009 to 20 February 2010**

<b>RECEIPTS</b>	<b>Total (£)</b>
Furniture & Equipment	5,454 00
Motor Vehicle	1,600 00
Book Debts	79,945 79
Cash in Hand/Petty Cash	10 00
VAT Output	12,362 25
	<u>99,372.04</u>
<b>PAYMENTS</b>	
Money Laundering Checks	24 00
Office Holder Remuneration	25,000 00
Travelling Expenses	119 60
Plant Valuer Fees & Disbursements	2,223 10
Sherriffs/Bailiff costs	180 00
Postage	265 54
Statutory Advertising	75 60
Tax Withheld	9,022 50
Insurance of Assets	105 00
Wages & Salaries	5,100 00
VAT Input	4,183 42
	<u>46,298.76</u>
<b>Balance In Hand</b>	<b>53,073.28</b>
	<u><u>99,372.04</u></u>



## TAIT WALKER - STATEMENT ON REMUNERATION AND EXPENSES IN INSOLVENCY PROCEEDINGS

### Introduction

This policy has been prepared in accordance with guidelines set out in Statement of Insolvency Practice 9

The following information applies to any formal insolvency appointment of partners and/or staff of Tait Walker including the following

- Liquidator, Administrator or Receiver of a limited company,
- Trustee in Bankruptcy,
- Supervisor of a Corporate, Individual or Partnership Voluntary Arrangement, and
- Administrator under the Insolvent Estates Order

When acting as Nominee to a Corporate, Individual or Partnership Voluntary Arrangement, the amount of Nominees remuneration is specified within the proposals. The Nominees remuneration is a fixed amount and takes into account the expected time arising in implementing the proposal based on the historic experience of the Nominee

### Policy

In order to maximise the cost effectiveness of the work performed it is Tait Walker's normal policy to delegate certain tasks within the case to members of their staff subject to their experience and specialist skills with the provision of supervision as appropriate. Matters deemed to be complex or of significance will be dealt with by senior members of staff or the license holder

Unless otherwise fixed in accordance with the Insolvency Act 1986, all staff who work on this assignment, including case support (such as cashiers and secretarial staff etc) charge time directly to the assignment and are included within any analysis of time. The costs of any central Tait Walker administration or general Tait Walker overhead costs are not charged directly to the assignment but are reflected in the general level of charge out rates

The rates vary between individuals of each grade reflecting experience and qualification. Charge out rates may be revised annually to cover inflationary cost increases over the duration of the assignment. In cases deemed to be particularly complex revised rates will be presented to creditors. The maximum current charge out rates per grade

<u>Grade</u>	<u>Rate (£) per hour</u> <i>(effective from 1 Apr 09)</i>	<i>(Previous rate (£) to Jun 08)</i>
<b>Partner</b>	<b>280</b>	260
<b>Associate</b>	<b>250</b>	240
<b>Manager</b>	<b>240</b>	210
<b>Case Handler / Administrator</b>	<b>150</b>	140
<b>Case support staff</b>	<b>96</b>	90

Category 1 disbursements - Tait Walker recharges the costs of external supplies of incidental services directly to the case as expenses and disbursements. These expenses may include, but are not limited to case advertising, specific penalty bond, identifiable telephone calls, postage at cost, external document storage, external room hire, external printing, invoiced travel, mileage at approved Inland Revenue scale rates and properly reimbursed expenses incurred by Tait Walker and its employees in connection with the case. Obtaining a specific penalty bond and advertising are disbursements that are required in each case as a result of statutory obligations imposed on the Insolvency Practitioner

Category 2 disbursements - With the exception of photocopying, Tait Walker do not recharge expenses and disbursements which include an element of shared or allocated costs of internal facilities such as stationery, room hire, communication facilities, printing, internal document storage etc. Tait Walker may recharge photocopying at up to 3p per sheet