

2.24B

The Insolvency Act 1986

Joint Administrators' progress report

Name of Company
Syncro Limited - In Administration

Company number
03096287

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

Court case number
5310 of 2007

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

I/ We (a) Asher Miller and Paul Appleton of David Rubin & Partners LLP, 26-28 Bedford Row, London WC1R 4HE

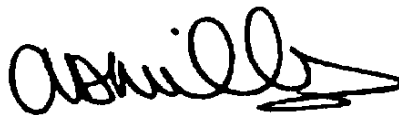
Joint administrator(s) of the above company attach a progress report for the period

(b) Insert date

From
(b) 24 January 2012

To
(b) 23 July 2012

Signed



Joint / Administrator(s)

Dated

20 August 2012

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

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**SYNCRO LIMITED
(IN ADMINISTRATION)
("the Company")**

Court No. 5310 of 2007

**PROGRESS REPORT TO CREDITORS
PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986**

20 August 2012

This report has been prepared for the sole purpose of updating the Creditors for information purposes. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by Creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.

Asher Miller, Paul Appleton, Lee Manning and Neville Kahn were appointed as Joint Administrators of the Company on 24 July 2007. They are licensed to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales and contract as agents of the Company without personal liability.

**Asher Miller and Paul Appleton
David Rubin & Partners LLP
26-28 Bedford Row
London
WC1R 4HE**

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ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used:

"The Act"	Insolvency Act 1986 (as amended)
"The Rules"	Insolvency Rules 1986 (as amended)
"the Administrators"	Asher Miller and Paul Appleton and until 7 December 2011; Lee Manning and Neville Kahn
"the Company"	Syncro Limited (in Administration)
"Deloitte"	Deloitte LLP
"SIP 7 (E&W)"	Statement of Insolvency Practice 7 (England & Wales)
"DR&P"	David Rubin & Partners LLP

1. INTRODUCTION

1.1 Introduction

This report has been prepared in accordance with Rule 2.47 of The Rules to provide creditors with an update on the progress of the Administration of the Company since our previous reports to creditors of 17 September 2007, 22 February 2008, 11 August 2008, 20 February 2009, 12 August 2009, 9 February 2010, 12 August 2010, 18 February 2011, 18 August 2011 and 20 February 2012.

Given the information previously provided in our reports to creditors, we have not included detailed background information in respect of the Company and have focussed on progress of the Administration since our last progress report to creditors dated 20 February 2012.

The creditors' meeting held on 1 October 2007 considered and agreed on the Administrators' proposals. These are referred to in section 2.1 below.

A schedule of statutory information in respect of the Company is attached at Appendix 1.

1.2 Details of the appointment of the Administrators

Asher Miller and Paul Appleton of David Rubin & Partners LLP, 26-28 Bedford Row, London WC1R 4HE and Neville Kahn and Lee Manning of Deloitte LLP, PO Box 810, 66 Shoe Lane, London EC4A 3WA were appointed Joint Administrators of the Company by Ascada Management Limited, of 88 Crawford Street, London, W1H 2EJ, the registered fixed and floating charge holder, on 24 July 2007.

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

As the investigations referred to in paragraphs 5.2 and 5.3 below, have now reached a conclusion, both Neville Kahn and Lee Manning of Deloitte, whose primary responsibility was to deal with these matters, gave notice to Cable Finance Limited that they wished to resign as Joint Administrators. On 2 December 2011, the Court ratified this and on 7 December 2011, they ceased to act as Joint Administrators.

On 2 December 2011, the Court gave permission to Lee Manning and Neville Kahn to give notice of resignation to Cable Finance Limited. On 7 December 2011 they filed a notice of resignation with the registrar of Companies and they ceased to act as Joint Administrators.

2. THE ADMINISTRATORS' PROPOSALS

2.1 Introduction

As previously reported to creditors, the Administrators concluded that the first part of the prescribed objective under paragraph 3(1)(a) of Schedule B1 of the Act namely "rescuing the Company (the legal entity) as a going concern" is not achievable in respect of the Company in administration

Consequently the Administrators have performed their functions in relation to the Company with the objective set out in paragraph 3(1)(b) of Schedule B1 of the Act which is "to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up"

The Administrators' proposals in order to achieve this objective, which were approved by the creditors of the Company at the meeting of creditors held on 1 October 2007 are as follows

- 1) the Joint Administrators continue to manage the affairs and assets of the Company including the collection of monies from ongoing WIP realisations and debts due to the Company and the settlement of all administration expenses;
- 2) the Joint Administrators be authorised to compromise any debtor balances where applicable,
- 3) the Joint Administrators continue with their enquiries into the conduct of the Directors of the Company and continue to assist any regulatory authorities with their investigation into the affairs of the Company;
- 4) the Joint Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors of the Company (where applicable);
- 5) the Joint Administrators be authorised to distribute funds to the secured and preferential creditors (where applicable), as and when claims are agreed;
- 6) the Joint Administrators' fees and expenses be fixed by reference to the time properly given by them and their staff in the performance of their functions and duties. The Joint Administrators will also be seeking the approval of the secured creditor in relation to their fees and expenses in accordance with rule 2.106(5A);
- 7) the Joint Administrators be discharged from liability in respect of any action of theirs as Joint Administrators on vacation of office (whether because they vacate office by reason of resignation, death or otherwise, because they are removed from office or because their appointment ceases to have effect), in accordance with schedule B1 paragraphs 98 and 99 of the Act,
- 8) the Joint Administrators be authorised to seek an extension to their term of office if deemed necessary by them, firstly by consent from the secured creditors (and the requisite majority of preferential creditors if the Joint Administrators think that there will be a distribution to them) under paragraph 76(2)(b) of schedule B1 to the Act for a six month period and if a further extension is required, by an application to court under paragraph 76(2)(a) of schedule B1 to the Act,

- 9) when it is considered that no further distributions to creditors will be made and that the Joint Administrators have concluded their duties, the Joint Administrators be authorised to take the necessary steps to move the Company from administration to dissolution, pursuant to paragraph 84 of schedule B1 to the Act,
- 10) if the Joint Administrators think that a distribution will be made to unsecured creditors of the Company, that they be authorised to take the necessary steps to move the Company into creditors' voluntary liquidation pursuant to paragraph 83 of schedule B1 to the Act. If this route is deemed appropriate, the Joint Administrators will seek the appointment of Asher Miller and Paul Appleton of David Rubin & Partners and Neville Kahn and Lee Manning of Deloitte LLP as Joint Liquidators of Syncro Limited. In accordance with paragraph 83(7) of schedule B1 to the Act and rule 2.117(3) of the Rules, creditors may nominate a different person as proposed liquidator, provided that the nomination is made after the receipt of the proposals and before the proposals are approved,
- 11) if the Joint Administrators deem it appropriate, that they be authorised to make an application to court pursuant to paragraph 79 of schedule B1 to the Act to end the administration and petition the court for the winding up of the Company. If appropriate, the Joint Administrators will apply to be appointed as joint liquidators pursuant to section 140(1) of the Act.

2.2 Progress on and achievement of the approved proposals

We have summarised below the progress and current status in respect of each of the approved proposals

Proposal	Current status
1)	The Joint Administrators managed to sell the Facilities Management division of the business as a going concern to Syncro Facilities Management Limited. The Joint Administrators continue to collect monies from the debts due to the Company through negotiation with the Company's Facilities Management and Construction clients. Debts with a book value of approximately £1.8 million remain outstanding as at the date of this report.
2)	As noted above, the Administrators continue to realise the outstanding debtors of the business. As at the date of this report, debtor realisations total £1,557,975.71.
3)	We have completed our investigations regarding the conduct of the Directors, pursuant to the Company Directors Disqualification Act 1986. Creditors should be aware that our investigations and report to the Secretary of State is confidential. However, this matter has now been resolved and further details are given at paragraphs 5.2 and 5.3 below.
4) & 5)	To date, the only class of creditor to whom distributions have been made is the secured creditor. The Administrators have not commenced agreeing the claims of either preferential or unsecured creditors at this stage as sufficient funds are yet to be realised to allow for a distribution to either of these classes of creditors.
6)	The creditors of the Company resolved at the meeting held on 1 October 2007, to authorise the Joint Administrators' fees and expenses as fixed by reference to the time properly given by them and their staff in the performance of their functions and

	duties. The Joint Administrators have also sought the approval of the secured creditor in relation to their fees and expenses in accordance with Rule 2.106(5A) To date the Administrators have received £865,980.16 on account of their fees and expenses
7)	Not applicable as yet
8)	<p>The Joint Administrators have previously applied for and been granted an extension of their term of office by the secured creditor under paragraph 76(2)(b) of schedule B1 of the Act</p> <p>Taking into account the ongoing work in relation to the collection of outstanding debts of the Company, in particular ongoing negotiations with the Co-Operative Group Limited and Gleneagles Hotel Limited and the investigations into the Company and its directors, it became necessary for the Joint Administrators to apply to court for a further extension pursuant to paragraph 76(2)(a) of schedule B1 of the Act The Administration of the Company has been extended until 23 January 2013 with the consent of the Court</p> <p>As there have not been sufficient recoveries to believe that there will be any distribution to any potential preferential creditors at this stage, the Joint Administrators have not been required to seek their consent to the extension</p>
9) to 11)	Not applicable as yet

Further information in respect of the realisation of assets, the status of liabilities and the estimated outcome for creditors is contained in the following sections of this report

3. JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

3.1 Introduction

Attached at Appendix 2 is a Receipts and Payments account covering the period 24 January 2012 to 23 July 2012 together with a cumulative Receipts and Payments account from 24 July 2007 to 23 July 2012 in accordance with SIP 7 (E&W).

In this section, we have summarised the main asset realisations during the 6 month period, together with details of costs incurred.

3.2 Asset realisations

Receipts

3.2.1 Debtor Recoveries

To date, the Administrators have recovered £1,557,976 from pre-appointment debtors. These recoveries include recoveries from both the Facilities Management and the Construction sides of the business.

3.2.2 Interest

Represents interest received in respect of the Administrators' bank accounts post appointment. In this period interest of £58.35 has been received.

Payments

3.2.3 Professional Fees

Represents payments to parties who have provided assistance to the Administrators in relation to the collection of outstanding pre-appointment debts, including quantity surveyors, claims adjusters and electricians. The sum of £6,387.41 exclusive of VAT represents fees paid to date to Acasta Consulting Limited.

3.2.4 Carriage, storage and archiving

The administrators use a commercial archiving company for storage facilities for the Company's records and papers. This is recharged at the rate of £10 per box per quarter, and includes a small charge to cover the administration costs of archiving and retrieval of documents.

The amount of £5,047.27 exclusive of VAT represents the costs of Iron Mountain UK for storing and delivering 87 boxes to our offices in order to assist in the collection of book debts.

3.2.5 VAT

This amount represents the element of VAT that is irrecoverable by the Joint Administrators.

3.3 Estimated future realisations

3.3.1 Settlement of debt

To date, £511,942.11 has been received from the directors in connection with various antecedent transactions connected with the directors that were identified by the Joint Administrators as part of their investigations. The directors reached a settlement agreement in this regard with the Joint Administrators in the total sum of £1 million payable in instalments. The deferred payments from Kevin Maxwell fell into arrears and therefore the Joint Administrators instructed their solicitors to issue bankruptcy proceedings against Mr Maxwell to recover the monies.

On 11 July 2011 Mr Maxwell's creditors approved his proposals for an Individual Voluntary Arrangement ("IVA") Ian Franses of Ian Franses Associates was appointed Supervisor of the IVA. The Joint Administrators have lodged a claim in the IVA for the sum of £1,746,432.89 which represents the default payment from the settlement agreement less the monies received to date. The proposed duration of the IVA is 15 months and it anticipates a dividend to his creditors of "up to 8 pence in the £". The Joint Administrators had proposed a modification to ensure a minimum dividend of 10 pence in the £, but this was rejected by Mr Maxwell and consequently, our vote was recorded as a rejection. Nevertheless, the requisite majority for the IVA was obtained and it was therefore approved without modification.

On 12 July 2011, the bankruptcy petition against Mr Maxwell was dismissed with our costs to be paid by Mr Maxwell.

On 19 June 2012 the Supervisor of Mr Maxwell's IVA wrote to all known creditors explaining that due to a large overseas debt having no realistic prospect of recovery, the debtor instead proposed to provide a further £100,000 into the IVA and to extend the IVA for a further six months to 11 January 2013. These variations to the IVA were accepted by the requisite majority of creditors at a meeting held on 6 July 2012.

On this basis, if the IVA payments are made in full then we can expect to recover between £65,317 and £139,715 from Mr Maxwell over the next six months.

3.3.2 Debtor Recoveries

As noted in our previous progress report to creditors the Administrators are continuing with their work in respect to the collection of monies outstanding on the Company's Construction and Facilities Management pre-appointment debtor ledgers.

At the time of this report approximately £1.8 million remains outstanding across both ledgers. The bulk of outstanding debtor monies relate to Construction work undertaken by the Company.

Further to the Administrators' previous advice, they have instructed the specialist insolvency surveyors Acasta Consulting Limited ("Acasta") to assist in the collection of the Company's debtor ledger.

There are three chief ongoing issues in relation to debt collections which are;

(1) The Co-Operative Group Limited

The major client of the Company prior to the appointment of the Administrators was the Co-Operative Group Limited ("the Co-Op"). As well as engaging in construction works on behalf of the Co-Op, the Company had facilities management contracts with Co-Op in relation to their Heating, Refrigeration and general maintenance divisions.

Following appointment of the Administrators, these contracts were terminated by the Co-Op. The Administrators have sought payment of outstanding balances in relation to all these contracts, which in total amount to approximately £600K for the facilities management contracts and a further £400K for the construction contracts.

Acasta are reviewing the contractual situation in respect of the termination of the following Co-op contracts:-

- Supply Agreement relating to Provision of reactive maintenance, planned preventative maintenance and small works to buildings
- Contract for Heating and Vent Maintenance Services
- Contract for Refrigeration Maintenance Service
- Contract for Sprinklers Maintenance Services
- Contract for Major Occupancies Premises

Debts relate to various Co-operative Group companies and include -

C G Property

Co-operative Group (CWS) Ltd Retail Financial Services

Co-operative Group (CWS) Ltd Property

Co-op Retail Logistics

Co-operative Insurance

Funeralcare Property Systems

Co-operative Group

Co-op District Centre

Co-operative Bank

CWS Design Services

Funeralcare Coffin Factory

Because of the diversification of the Co-operative Group organisation and the range of departments that the Company were working for there is no single contact point for the debts and Acasta are having to separate out the contracts according to the respective Co-operative departments' advice.

They have advised that whilst the Co-operative Group contracts provided for automatic termination of the Company contracts as a result of their entering into Administration, the rights and remedies of the contract in respect to payment for work satisfactorily completed endures. Their review of the Company's book debts and retentions and have assessed that a sum of £541,447 72 still remains outstanding according to the Company's original ledger.

Acasta are confident that the Co-operative Group accounts can be satisfactorily resolved to the benefit of the Company's creditors.

(2) Gleneagles Hotel Limited

The Company had been in the process of completing a construction project for Gleneagles Hotel Limited ("Gleneagles") prior to the appointment of the Administrators and a considerable amount was outstanding at the date of Administration.

From previous legal advice, the Administrators had concluded that it would be expensive to pursue the Contract Employer, and with no guaranteed chance of success, it would have been potentially uneconomical and therefore not in the creditors' interest to incur further costs in this respect. However, because substantial balances were owed as at the date of the Company's Administration,

the Administrators have continued to keep an open mind as to strategies for recovery and have sought out specialists to work on a Contingent Fee Arrangement, whereby they are only paid on success of achieving a recovery to the Company

To this end, the Administrators have appointed the specialist insolvency surveyors Acasta to review the contractual situation and, from the Company's perspective, seek to progress the claim for payment of any residual equity in the contract

The Administrators have sought legal advice on the efficacy of pursuing the debtor and Acasta are regularly reviewing the contractual position. Acasta believe that it is unlikely that the Employer could genuinely demonstrate that their costs have negated the Company's equity in the contract however it is the Contract Employer's current formal position that they are a net creditor and they have provided a Notional Final Account at £2,520,345. After deducting the net paid, this leaves £288,021 on their figures, less of course their costs which we do accept are justified and which are in excess of any notional balance due.

There is a divergence of opinion as to whether the Company were acting under a formal contract or a Letter of Intent and if the former, that Gleneagle have repudiated the contract, and in order to progress a recovery the Company would need to argue these points and potentially dismiss Gleneagle's claim for damages.

With the Employer's previously stated position, there may well be a benefit it dealing with the issues in the potential future liquidation of the Company where the Liquidators would be able to adjudicate using rule 4.90.

(3) Other Construction Debtors

The Administrators have corresponded with debtors in relation to the outstanding balances. It is apparent that delays associated with waiting for the dates of retention releases and estimations of costs to complete/snagging required, continue to delay the conclusion of a number of debtor claims. In respect of the remaining balances outstanding on the Facilities Management ledger, discussions and negotiations continue in respect to warranties provided by the Company on work done. Where appropriate the Administrators have sought legal advice and commenced formal mediation procedures in order to reach satisfactory conclusions with outstanding debtors.

In light of the above circumstances, the Administrators remain unable to provide an estimate of future recoveries to creditors at this time, on the basis that it may prejudice current and future negotiations regarding the settlement of outstanding debts. Additionally the reliability of any estimate provided is highly questionable on the basis that many of the debtors due relate to retention monies outstanding on the construction side of the business. Based on the Administrator's experience of the matter to date, the retention monies due would likely be offset by unknown quantities of remedial works prior to the next balance of funds being forwarded to the Administrator.

This matter is proving extremely difficult as the input of the Quantity Surveyor is required before instructing lawyers. For a period of time the instructed Quantity Surveyor who was familiar with the file was unavailable. This has now been resolved and a new Quantity Surveyor, who specialises in insolvency construction recoveries, has been instructed by the Joint Administrators. He is currently reviewing the files and realisations are now being made.

The Administrators have appointed Acasta to review the Company's contract debtor balances that remain outstanding and agree and recover any residual balances.

Acasta are continuing with the agreement and collection of the Company's outstanding contract accounts and have receipted £39,045 93 inclusive of VAT to date against 8 no. contract accounts. They are in discussion and progressing agreement on the remaining 255 no. contracts where over £2.5M of book value existed at the date of the Company's insolvency and where they believe there is a good prospect of recoveries. Their current estimation of the likely recoveries still to be realised from these is between £200,000 to £1M.

Because of the issues on the case, it has been a slow and difficult process in readdressing the various contract issues with the respective Contract Employer / Debtors and since many of the clients' consultants have ceased to act on particular contracts, there is a lot of work in just locating the specific individuals responsible for agreeing the final accounts and retention releases on contracts, many of which date back as far as 2005.

The most significant issue for Acasta Consulting has been the issue with the retrieval of the Company's records as, whilst they have been acting for approximately 9 months there has been a delay of 5 months in retrieving the 767 no. boxes from the storage company Iron Mountain and the detailed review of these records could not even begin to start until their receipt in May 2012. Even after their recovery, Acasta analysed that Iron Mountain had failed to provide 87 no. boxes originally from the Syncro Newcastle office which were paramount to their debt collection operations and their retrieval was further delayed.

The delay in the box records has put their collection process back over 5 months because of the problems in not only finding and contacting the people responsible in the various debtor organisations for these aged contracts but also because where debtors have queried the contract particulars Acasta have then had to provide them with further details of formal contract agreements, purchase order numbers, valuation certificates and other contract certification and documentation where necessary.

Acasta Consulting have invested significant resources into the resolution of the Company's contracts and the time process on normal appointments is that they can usually take between 1 to 3 years to agree the majority of an insolvent company's debts. Since the Defects Liability Periods have all expired they are confident that they can resolve the remaining accounts within the next 12 months but would require an extension of the Administration that is currently due to expire in January 2013.

3.4 Estimated outcome for creditors

As noted above, due to the considerable ongoing negotiations regarding settlement of the Company's large outstanding debtors, the Administrators remain unable to provide an accurate or reasonable estimated outcome for creditors at this time.

Creditors should note that monies remain outstanding to the secured creditor, Ascada Management Limited who retain fixed and floating charges over the assets of the Company.

It should be noted that the Administrators' initial investigations into the Company's affairs in the period leading up to appointment revealed considerable actions which may exist in respect to the current and former directors of the Company.

4. DISTRIBUTIONS TO CREDITORS

4.1 Secured creditors

To date the Administrators have reconciled and distributed £1,117,521 to the secured creditor under the provisions of the fixed and floating charge. The total claim of the secured creditor amounts to approximately £1.3 million. As the security facility represents a fixed charge in respect of the debtors of the Company as well as a floating charge with regard to the other assets, the secured creditor will have to be discharged prior to distributions to other classes of creditors.

4.2 Preferential creditors

At the time of preparing this report, the Administrators are yet to receive the final claim from the Redundancy Payments Office in respect of the preferential creditors. The delay in respect to the submission of this claim is associated with difficulties arising from the sale and transfer of facilities management employees, and the subsequent transfer of those employees in relation to specific facilities management contracts of the company.

The Administrators continue to work through these issues with the Insolvency Practitioners appointed to Syncro Capital Limited and RMD Syncro Limited. At this time I am not aware of any preferential claims in the Administration.

4.3 Unsecured creditors

There are approximately 1,300 unsecured creditors and to date the Administrators have received claims from 473 creditors, and expect both the number of creditors and quantum of claims to continue to rise as rectification periods expire in respect of the Company's construction projects. To date unsecured creditor claims stand at £6,527,885 versus the Statement of Affairs balance of £4,456,703.

As a result of the sale of the facilities management division of the business to Syncro Capital Limited, related party claims of approximately £900,000 have been written-off against the Company.

Due to the issues outlined above, at this stage the Administrators are unable to estimate the timing or quantum of any potential return to unsecured creditors.

5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

5.1 Extensions to the initial appointment period

The Joint Administrators have previously applied for and been granted an extension of their term by the secured creditor under paragraph 76(2)(b) of schedule B1 of the Act.

Negotiations in relation to the collection of debt on the construction ledger of the Company remain ongoing, as does work in relation to the settlement of the balance outstanding by the Co-Operative Group Limited. For these reasons the Administrators were forced to seek approval of the Court for a further extension of their term under paragraph 76(2)(a) of schedule B1 of the Act. The

Administration of the Company has been extended until 23 January 2013 with the consent of the Court.

5.2 Investigations

As part of the Administrators' statutory duties, an investigation regarding the conduct of the Directors, pursuant to the Company Directors Disqualification Act 1986, was completed. Creditors should be aware that our investigations and report to the Secretary of State is confidential. However, I can now inform creditors that the Secretary of State has since ordered that the former directors of the Company, Kevin Maxwell and David Dawson be disqualified from serving as a director for eight years following their involvement in the Company. Former director, David Maclean has also been disqualified for four-and-a-half years.

The three each offered company director disqualification undertakings, the last of which was accepted on the first day of what was listed as a 15-day trial in the High Court, London. David Dawson's disqualification as a director started on 24 June 2011, while Kevin Maxwell and David Mclean's started on 8 July 2011.

5.3 SIP 13 – Transactions with connected parties

Details of the Company's transactions with connected parties in the period, in accordance with the guidance given in Statement of Insolvency Practice Number 13, have not been provided as the Administrator's believe it would be prejudicial to the investigations being undertaken as noted in section 5.2 above.

The Insolvency Service found that the directors had "inappropriately managed" the business affairs of the Company. It said that payments were made to connected companies, in which the directors had an interest, to the detriment of creditors and at a time when the Company was insolvent.

In the case of Kevin Maxwell and David Dawson, 11 payments were made totalling more than £2m between 30 January 2007, when they acquired the Company, and 24 July 2007 when the Company went into administration.

Five of the 11 payments, totalling £933,000, were made during David Maclean's four-month directorship up to 21 May 2007.

The Insolvency Service said as a result of Messrs Maxwell and Dawson's failure to maintain or preserve accounting records, it has not been possible to ascertain the purposes of six further payments totalling £375,875 which were also made by the Company. Five of the six payments totalling £304,875 were made while Mr MacLean was a director.

Now that both the Joint Administrators' and The Insolvency Service's investigations have been successfully completed, two of the Joint Administrators, Lee Manning and Neville Kahn of Deloitte sought the consent of the Court to their resignation as Joint Administrators of the Company, as the investigations were their primary role within the Administration. On 7 December 2011, they ceased to act as Joint Administrators.

5.4 EC Regulations

As stated in the Administration Order in respect of the Company, Council Regulation (EU) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

6. JOINT ADMINISTRATORS' FEES AND EXPENSES

6.1 Joint Administrators' Fees

In accordance with Rule 2.106 of The Rules, in the absence of a creditors committee, the Administrators have sought approval of their fees and expenses from the Company's creditors. At the meeting of creditors held on 1 October 2007, a resolution was passed authorising the Joint Administrators' fees and expenses to be fixed by reference to the time properly given by them and their staff in the performance of their functions and duties. The Joint Administrators have drawn fees and disbursements totalling £865,980.16 exclusive of VAT.

The combined Administrators' time costs for the administration up to 23 July 2012 are summarised in the table below. A detailed analysis of the time spent by work function for both firms is attached at Appendix 3.

Classification of work function	Partners and Directors	Managers and Senior Managers	Administrators and Senior Administrators	Cashiers	Total Hours	Time Cost £	Average Hourly Rate £
Administration and planning	178 24	628 30	1,094 36	65 54	1,967 24	533,691 50	271 27
Investigations	124 42	186 00	53 24	00 06	364 12	155,050 10	425 73
Realisation of assets	357 42	759 54	219 30	00 00	1,337 06	434,415 50	324 89
Creditors	49 00	520 18	404 54	00 30	974 42	234,190 90	240 27
Trading	17 06	548 06	27 30	00 00	592 42	155,246 80	261 93
	<u>726 54</u>	<u>2,642 18</u>	<u>1,799 54</u>	<u>66 30</u>	<u>5,236 06</u>	<u>1,512,594 80</u>	<u>288 88</u>

Administration and Planning includes administration strategy, administration and filing, arranging banking facilities and daily bankings, cashiering and voucher preparation and authorisation, insurance and bordereau, preparation and planning for appointment, standard letters, notices and directors' questionnaires, compliance, supervision and management of the Administration.

Investigations includes investigating the Company's affairs and in particular any antecedent transactions and also reporting on the conduct of its directors.

Realisation of Assets includes debtors (review and collection), work in progress, dealing with agents, litigation and claims, sale of business, securing and reviewing other assets and VAT/Taxation.

Creditors includes creditors and third parties queries, reservation of title and proprietary creditors, employee issues (redundancy, P45, DTI etc).

Trading includes arranging continued supply and undertakings, employee issues and payroll, meetings with Company and staff (including day 1 visits), cashflow forecasts and monitoring, landlord issues.

All partners and technical staff (including cashiers) assigned to the case record 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.

A Creditors Guide to Administrators' Remuneration is available for download at:

http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP-9-EW-INTER.pdf

Should you require a paper copy please send your request to the Administrators at the front of this report and this will be provided to you at no cost.

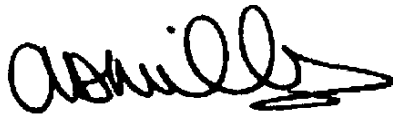
6.2 Administrator's expenses

The basis for charging of the Joint Administrators' disbursements is set out in Appendix 3.

6.3 Other professional costs

The Joint Administrators have retained the services of a number of professional advisors including various firms of solicitors, quantity surveyors and other professional service providers. All professional costs are reviewed and analysed before payment is approved.

I trust you will find this report adequate for your purposes but should you require any further information, please do not hesitate to contact me.



ASHER MILLER – JOINT ADMINISTRATOR

20 August 2012

**SYNCRO LIMITED
(IN ADMINISTRATION)**

STATUTORY INFORMATION

Company name	Syncro Limited
Previous names	CWS Engineering Services Ltd
Proceedings	Administration
Court	The High Court of Justice, Chancery Division, Companies Court
Court Reference	5310 of 2007
Date of Appointment	24 July 2007
Joint Administrators	Asher Miller, Paul Appleton Lee Manning and Neville Kahn (until 7 December 2011)
Appointed by	Ascada Management Limited
Company number	03096287
Date of incorporation	23 August 1995
Registered office	Pearl Assurance House, 319 Ballards Lane, London N12 8LY
Ordinary issued and called up share capital	
Authorised Ordinary shares of £1 each	
Allotted, called up and fully paid	10,703,000
Shareholder	Syncro Group Limited
Former Directors	David Dawson and Kevin Francis Herbert Maxwell
Company secretary	Keith Andrew Knight
Bankers	Co-Operative Bank plc

SYNCRO LIMITED - IN ADMINISTRATION
JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT
FROM 24 JULY 2007 TO 23 JULY 2012

	<u>Estimated</u> <u>to</u> <u>Realise</u> £	<u>Realised</u> <u>to-date</u> £	<u>24/01/2012</u> <u>to</u> <u>23/07/2012</u> £
<u>Balance brought forward</u>			228,434 17
<u>Receipts</u>			
Fixed Assets	10,000	-	
Cash at bank	5,000	-	
Debtor Recoveries	1,500,000	1,557,975 71	26,382 21
Sale of Tax Losses		319,194 00	
Refund of Holiday Stamps		33,620 11	
Sale of Business		101,025 00	
Settlement of Debt		511,942 11	
Rate Refunds		7,769 12	
Wragge & Co LLP		10 00	
Interest		11,055 43	58 35
		<u>2,542,591 48</u>	<u>254,874 73</u>
<u>Payments</u>			
Professional Fees		87,378 79	6,387 41
Travel & Accommodation Expenses		17,394 00	
Cleaning Expenses		1,970 00	
Rent		9,070 98	
Rates		67 57	
Specific Bond		456 00	
Statutory Advertising		403 20	
Carriage, Storage & Archiving		21,316 33	5,047 27
Legal Fees		104,118 46	
Stationery		477 24	
Mail Redirection		188 80	
Wages & Salaries		68,269 22	
Bank Charges		1,838 50	
Corporation Tax		2,542 58	
VAT		751 85	751 85
Insurance		159 00	
Administrators' Fees and Disbursements		865,980 16	
Distribution to Secured Creditor		1,117,520 60	
		<u>2,299,903 28</u>	<u>12,186 53</u>
Balance in Hand		<u><u>242,688 20</u></u>	<u><u>242,688.20</u></u>
Represented by:-			
Balance at bank		245,166 28	
Funds held by lawyers		0 00	
VAT Recoverable / (Payable)		(2,478 08)	
		<u><u>242,688 20</u></u>	

SYNCO LIMITED - IN ADMINISTRATION							
JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD 24 JULY 2007 TO 23 JULY 2012							
SIP 9 TIME SUMMARY							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Managers / Senior Managers	Administrators/ Senior Administrators	Cashiers	Total hours		
Statutory compliance admin and planning	85 54	375 06	961 24	65 54	1488 18	358 961 50	241 19
Investigations	45 30	100 48	53 24	00 06	199 48	66,808 50	334 38
Realisations of assets	307 12	701 54	219 30	00 00	1228 36	385 195 50	313 52
Creditors	43 00	170 48	402 30	00 30	616 48	136 902 00	221 96
Trading	02 06	345 00	00 30	00 00	347 36	88 607 50	254 91
Total hours and costs	483 42	1693 36	1637 18	66 30	3881 06	1 036 475 00	267 06

The above headings include *inter alia*

Administration and Planning

case planning
 appointment notification
 maintenance of records
 statutory reporting and compliance
 tax and VAT

Investigations

reports pursuant to Company Directors Disqualification Act 1986
 investigating antecedent transactions

Realisation of Assets

identifying and securing assets
 debt collection
 property, business and asset sales

Creditors

communications with creditors
 creditors claims (including secured creditors, employees and preferential creditors)

Chargeout rates

In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), the current hourly chargeout rates applicable to this appointment, exclusive of VAT, from 1 November 2007 are as follows

	£
Partners/Office Holders	470 - 495
Managers/Senior Managers	270 - 360
Administrators/Senior Administrators	220 - 270
Cashiers	175

Chargeout rates are normally reviewed annually in November, when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance

Direct expenses ("Category 1 disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case will be charged to the estate at cost, with no uplift. These include but are not limited to such items as case advertising, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case

Indirect expenses ("Category 2 disbursements")

It is normal practice to also charge the following indirect disbursements ("Category 2 disbursements" as defined by SIP 9) to the case, where appropriate

Postage and stationery circulars to creditors

Headed paper	25p per sheet	Envelopes	25p each
Photocopying	6p per sheet	Postage	Actual cost

Meeting Costs Use of Meeting Room is charged at £150 per session

Storage and Archiving

We use a commercial archiving company for storage facilities for company's records and papers. This is recharged to the estate at the rate of £10 per box per quarter, and includes a small charge to cover the administration costs of maintaining the archiving database and retrieval of documents. We also use our own personnel and vehicle for collection of books and records for which we charge £30 per hour

Mileage incurred as a result of any necessary travelling is charged to the estate at the Inland Revenue approved rate, currently 40p per mile

SYNCRO LIMITED - IN ADMINISTRATION						
JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD 24 JULY 2007 TO 23 JANUARY 2012						
SIP 9 TIME SUMMARY						
Classification of work function	Hours				Total Cost £	Average hourly rate £
	Partners	Managers	Assistants and Support staff	Total hours		
Statutory compliance admin and planning	92 30	253 24	133 12	479 06	174 730 00	364 70
Investigations	79 12	85 12	00 00	164 24	88 241 60	536 75
Realisations of assets	50 30	58 00	00 00	108 30	49,220 00	453 64
Creditors	06 00	349 30	02 24	357 54	97 288 90	271 83
Trading	15 00	203 06	27 00	245 06	66 639 30	271 89
Total hours and costs	243 12	949 12	162 36	1355 00	476 119 80	351 38

The above headings include *inter alia*

Administration and Planning

case planning
 appointment notification
 maintenance of records
 statutory reporting and compliance

Realisation of Assets

identifying and securing assets
 debt collection
 property, business and asset sales

Investigations

reports pursuant to Company Directors
 Disqualification Act 1986
 investigating antecedent transactions

Creditors

communications with creditors
 creditors claims (including secured creditors,
 employees and preferential creditors)

Chargeout rates

The range of chargeout rates for the separate categories of staff is based on our 2011 chargeout rates as summarised below. Manager rates include all grades of assistant manager. In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), the current hourly chargeout rates applicable to this appointment are as follows:

	£
Partners / Associate Partners / Directors	560 - 895
Managers	280 - 670
Assistants and Support staff	175 - 280

The above bands are specific to the Reorganisation Services department partners and staff. In certain circumstances the use of specialists from other Deloitte departments such as Tax/VAT, Corporate Finance or Drivas Jonas Deloitte may be required on the case. These departments may charge rates that fall outside the Reorganisation Services department bands quoted above so, where such specialists have performed work on the case, average rates may also fall outside the Reorganisation Services department bands.

All partners and technical staff (including cashiers) assigned to the case record their time spent working on the case on 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 on 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.

With effect from 1 January 2011 chargeout rates were increased by an average 5% and the chargeout rate bandings have been amended to reflect this change.

Mileage is calculated at the prevailing standard mileage rate of up to 40p used by Deloitte LLP at the time when the mileage is incurred.