

The Insolvency Act 1986

Administrator's progress report

2.24B

Name of Company DHD Engineering Services Limited	Company number 03792693
In the High Court of Justice, Chancery Division, Manchester District Registry	<i>For court use only</i> 1509 of 2009

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

We Stephen Gerard Clancy and Steven Muncaster of MCR, 11 St James Square, Manchester, M2 6DN, , ,

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

From

To

(b) Insert date

(b) 21 May 2009	(b) 20 November 2009
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Signed Stephen Clancy
 Joint Administrator
 Dated 18/12/09

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

MCR
11 St James Square
Manchester
M2 6DN

0161 279 9000

WEDNESDAY



: completed and signed this form please send it to the Registrar of Companies at:

ouse, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff

A03 23/12/2009 330
COMPANIES HOUSE

**DHD Engineering Services Limited
(In Administration)**

**Joint Administrators' Progress Report to Creditors
for the period from 21 May 2009 to 20 November 2009
pursuant to Rule 2.47(1) of the
Insolvency Rules 1986 as amended**

17 December 2009

Names of Joint Administrators: Stephen Gerard Clancy
Steven Muncaster

Date of appointment: 21 May 2009

Date of report: 17 December 2009

Appointed by: The directors of the Company

Court reference: High Court of Justice, Chancery Division, Manchester
District Registry no. 1509 of 2009

MCR
11 St James Square
Manchester
M2 6DN

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1. INTRODUCTION

- 1.1 Stephen Gerard Clancy and Steven Muncaster of MCR Corporate Restructuring ('MCR') were appointed joint administrators of DHD Engineering Services Limited ('the Company') on 21 May 2009 by the directors of the Company pursuant to Paragraph 22 of Schedule B1 to the Insolvency Act 1986 ('the Act').
- 1.2 In accordance with Paragraph 100(2) of Schedule B1 to the Act the functions of the joint administrators are being exercised by any of the administrators.
- 1.3 The purpose of this report is to provide creditors with details of the progress of the administration, in accordance with Rule 2.47(1) of the Insolvency Rules 1986 as amended ('the Rules'), for the six month period to 20 November 2009.

2. JOINT ADMINISTRATORS' REPORT AND STATEMENT OF PROPOSALS

- 2.1 The joint administrators issued their Report to Creditors together with their Statement of Proposals ('the Proposals') on 14 July 2009.
- 2.2 In accordance with Paragraph 52(1) of Schedule B1 to the Act, a creditors' meeting was not required to be held as there will be insufficient realisations to enable a distribution to non preferential creditors. No meeting was convened and in accordance with Rule 2.33(5) of the Rules the Proposals were deemed to have been approved by creditors.
- 2.3 As advised in the Proposals, the joint administrators must perform their functions with the purpose of achieving one of the following objectives:
 - Rescuing the Company as a going concern; or
 - 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); or
 - Realising property in order to make a distribution to one or more secured or preferential creditors.
- 2.4 In accordance with Paragraph 49(2) of the Act, the joint administrators believe they were unable to achieve the first objective as the liabilities of the Company exceeded its assets and substantial working capital was required to facilitate ongoing trading. For this reason, a sale of the Company was an unattractive option for any potential purchaser.
- 2.5 There were no funds available to the joint administrators to trade the business in administration and the only other option would have been to close the business. In this outcome, realisations to creditors would have been greatly reduced.
- 2.6 By pursuing a sale of the business as a going concern, realisations were maximised and the third objective has been met.

3. PROGRESS OF THE ADMINISTRATION

- 3.1 The manner in which the affairs and business of the Company have been managed since the appointment of joint administrators and will continue to be managed and financed are set out below.

Sale of business and assets

- 3.2 As previously reported to creditors, a sale of the business and assets was achieved on 21 May 2009 for a consideration of £49,000 to DHD Total Engineering Solutions Limited. A breakdown of the sales consideration is detailed below:

	£
Plant and Machinery	40,000
Business and Goodwill	4,996
Stock and Work in Progress	4,000
Customer Contracts	1
Intellectual Property	1
Marketing and Media	1
Sales Information	1
	<u>49,000</u>

- 3.3 The sale consideration has been received in full by the joint administrators.

Book debts

- 3.4 The Company's book debts were subject to an invoice finance agreement with Euro Sales Finance Plc ('Euro Sales'), part of The Royal Bank of Scotland Invoice Finance Limited.
- 3.5 MCR Receivables Management Limited ('RML'), a company associated with MCR, were engaged by Euro Sales to assist in the collection of the Company's book debts.
- 3.6 The Company's book debts totalled £504,382 which included invoices raised after the date of the commencement of the administration which related to work completed prior to the administration.
- 3.7 The collection process has now been completed and RML have collected £456,727.
- 3.8 Disputes of £47,655 were identified and these debts were deemed uncollectable by RML.
- 3.9 The indebtedness due to Euro Sales at the date of appointment was £282,974 subject to further interest and charges being applied.
- 3.10 Further charges of £32,851 were applied to the invoice finance facility by Euro Sales.
- 3.11 Professional fees of £66,498 plus VAT were applied to the facility in payment of business consultancy work carried out by MCR Business Consulting.
- 3.12 A surplus has been passed to the joint administrators which can be seen on the joint administrators' receipts and payments account at Appendix 2.

Inter Company Debts

- 3.13 At the date of appointment, the records of the Company showed inter-company debts in favour of the Company from James Engineering Limited of £120,800 and DHD Total Engineering Solutions Limited of £124,857.
- 3.14 James Engineering Limited was placed into administration on 1 April 2009 and no repayment of this debt is expected.
- 3.15 DHD Total Engineering Solutions Limited ('DHD') advised that there were claims for set-off for costs which were invoiced to the Company for services provided. Evidence of these claims has been provided to the joint administrators and an agreement has been reached to repay the proven balance outstanding of £35,175. Payment will be received over a twelve month period at the rate of £2,731.25 per month commencing October 2009.
- 3.16 Payments for the months of October, November and December 2009 have been received into the administration account and are shown on the joint administrators' receipts and payments account at Appendix 2.

Sundry refunds

- 3.17 Sundry refunds of £2,036 have been received into the administration bank account.

4. INVESTIGATION

- 4.1 The joint administrators' investigations into the Company's affairs are currently ongoing. The joint administrators cannot, at this stage, detail the nature of these investigations as it may hamper any further action that may be required. However, should any of the Company's creditors have information concerning the Company's affairs that they would like to bring to the joint administrators' attention, please contact this office.
- 4.2 The joint administrators have a statutory obligation to file a report with the Department for Business, Enterprise & Regulatory Reform regarding the conduct of all directors of the Company that served in the three years prior to the appointment. The content of this report is confidential and was submitted to the Insolvency Practitioners Compliance Unit on 27 August 2009.

5. DIVIDEND PROSPECTS / PRESCRIBED PART

Secured Creditors

Euro Sales Finance Plc

- 5.1 In consideration for the monies advanced under the invoice finance agreement the Company granted Euro Sales a composite all assets guarantee and debenture, dated 25 April 2000, which confers fixed and floating charges over all of the assets of the Company.
- 5.2 At the date of appointment, the Company's indebtedness to Euro Sales totalled £282,974 subject to accruing interest and charges.
- 5.3 Following the completion of the book debt collection the indebtedness to Euro Sales has been repaid in full.

National Westminster Bank plc ('Nat West')

- 5.4 In consideration for the monies advanced under an agreed overdraft facility the Company granted Nat West a composite all assets guarantee and debenture, dated 15 July 2002, which confers fixed and floating charges over all of the assets of the Company.
- 5.5 At the date of appointment, the indebtedness due to Nat West was £49,996 subject to further interest and charges.
- 5.6 It is expected that the indebtedness due to Nat West will be repaid in full.

Preferential Creditors

- 5.7 The joint administrators are not aware of any preferential creditor claims in this matter.

Prescribed Part

- 5.8 Pursuant to section 176A of the Insolvency Act 1986 where a floating charge is created after 15 September 2003 a prescribed part of the Company's net property shall be made available to unsecured creditors.
- 5.9 As the Mortgage Debentures provided by the Company pre-date the Enterprise Act 2002 the Prescribed Part is not applicable in this instance.

Non Preferential Creditors

- 5.10 Based on the information available, it is anticipated that there will be insufficient funds available to make a distribution to the non-preferential creditors of the Company.

6. JOINT ADMINISTRATORS RECEIPTS AND PAYMENTS ACCOUNT

- 6.1 A detailed receipts and payments account, for the period to 17 December 2009 is shown at Appendix 2.
- 6.2 A cash balance of £53,191 is being held by the joint administrators.

7 COSTS AND EXPENSES

- 7.1 The time costs of the joint administrators and their staff are analysed at Appendix 3 in accordance with SIP9. To date, the joint administrators' time costs total £52,007.
- 7.2 The joint administrators have drawn £43,487 plus VAT in remuneration and have reclaimed £75 plus VAT in disbursements.
- 7.3 In accordance with Rule 2.106(5A) of the Insolvency Rules 1986, as amended, the joint administrators' remuneration was approved by the secured creditor, Euro Sales. The remuneration is fixed by reference to the time properly given by them and their staffs.

8. EC REGULATIONS

- 8.1 It is the joint administrators' opinion that the EC Regulation on Insolvency Proceedings 2000 ("EC Regulation") apply and these proceedings are main proceedings as defined in Article 3 of the EC Regulation. The centre of main interest of the Company is in England.

9. CONCLUSION AND ENDING THE ADMINISTRATION

- 9.1 The Proposals advised that administration automatically comes to an end after one year, unless an extension is granted by the Court or with the creditors' consent.
- 9.2 Once a distribution to the secured creditor has been made, a Notice to move from administration to Dissolution – Form 2.35B (the Notice') will be submitted to the Registrar of Companies pursuant to Paragraph 84 of Schedule B1 to the Act.
- 9.3 Following registration of the Notice by the Registrar of Companies, the joint administrators appointment will cease to have effect, and they will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Act.
- 9.4 At the end of three months beginning with the date of the Notice being registered by the Registrar of Companies the Company will be dissolved.

10. NEXT REPORT

- 10.1 The joint administrators are required to provide a Progress Report within one month of end of the next six months of the administration. This report will be provided no later than 20 May 2010 or earlier if the Administration has been finalised.
- 10.2 If you have any queries or require any further assistance, please do not hesitate to contact my colleague Steve Barry of this office.


Stephen Gerard Clancy
Joint Administrator

APPENDIX 1
Statutory information

STATUTORY INFORMATION

Date of incorporation	21 June 1999	
Registered number	03792693	
Company director	Peter James Cuff David Herbert Deering	
Company secretary	Peter James Cuff	
Shareholders	David Herbert Deering	
Registered Office	Current: 11 St James Square Manchester M2 6DN	Formerly: Abbey Road South Wrexham Industrial Estate Wrexham LL13 9RF
Any Other Trading Names	DHD Engineering Services (Northern) Limited DHD Fabrications (Northern) Limited Underfield Limited	

APPENDIX 2

Joint administrators' receipts and payments account

**DHD ENGINEERING SERVICES LIMITED
(IN ADMINISTRATION)**

**Joint Administrators' Abstract of Receipts and Payments
To 17 December 2009**

RECEIPTS	Total (£)
Plant and Machinery	40,000
Business and Goodwill	4,996
Stock and Work in Progress	4,000
Customer Contracts	1
Intellectual Property	1
Marketing and Media Information	1
Sales Information	1
Debtor Surplus	60,901
Sundry Refunds	2,036
Inter-Company Debt	8,194
Bank Interest	53
	<hr/> 120,184 <hr/>
PAYMENTS	
Professional Fees	570
Joint administrators' Remuneration	43,487
Joint administrators' Disbursements	76
Butyl Limited	2,479
Consumables	160
Agents Fees	2,000
Legal Fees	10,743
Stationery & Postage	363
Bank Charges	24
	<hr/> 59,902 <hr/>
	<hr/> 60,282 <hr/>
VAT Receivable	7,091
Cash at Bank	53,191
	<hr/> 60,282 <hr/>

APPENDIX 3

Analysis of time costs

DHD ENGINEERING SERVICES LIMITED - DDE002

Analysis of Administrators' time costs for the period 21 May 2009 to 17 December 2009

Classification of Work Function	Hours					Total Hours	Time Cost	Average Hourly Rate
	Partner	Manager	Senior	Assistants	Support			
Book debts	5.40	0.20	3.20	0.60		9.40	£ 2,865.00	£ 304.79
Cashiering & accounting	0.60	1.70	1.20	5.20		8.70	1,973.00	226.78
CDDA, reports & Communicaton	1.60		6.90			8.50	1,874.00	220.47
Employee matters			1.00			1.00	180.00	180.00
Fixed charge assets			4.70			4.70	848.00	180.00
Floating charge assets	8.00		1.00			9.00	3,340.00	371.11
General admin		11.20	38.40	6.30		55.90	10,603.50	189.69
General correspondence	5.50	21.60	17.70	1.00		45.80	11,536.50	251.89
IPS set up & maintenance		0.30				0.30	97.50	325.00
Meetings		1.60				1.60	448.00	280.00
No Milestone								
Proposals	1.50	1.90	11.00	0.20		14.60	3,149.50	215.72
Secured Creditors	0.70					0.70	276.50	395.00
Statement of affairs			3.20			3.20	576.00	180.00
Statutory matters (Meetings, Reports and Notices)		2.10	24.50			26.60	4,998.00	187.89
Strategy planning & control	10.30	6.50	9.00			25.80	7,568.00	293.33
Trading - accounting	0.80					0.80	316.00	395.00
Unsecured creditors		2.80	3.00	0.40		6.20	1,360.00	219.35
Total Hours	34.40	49.90	124.80	13.70		222.80	52,007.50	233.43
Total Fees Claimed (£)	13,621.00	14,163.50	22,581.00	1,642.00			52,007.50	