

# 2.17B

The Insolvency Act 1986

## Statement of Administrator's proposals

Name of Company Azure Oil Services Limited
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Company number 02856486
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In the High Court, Chancery Division, Companies Court (full name of court)
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Court case number 5638 of 2016
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(a) Insert full name(s) and address(es) of administrator(s)

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

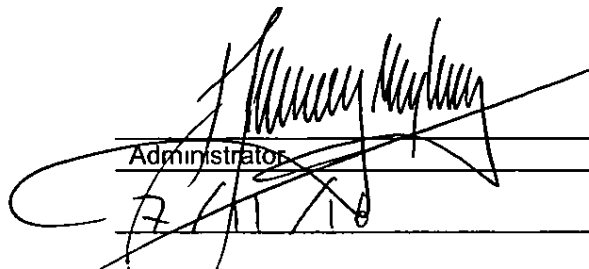
\*Delete as applicable

attach a copy of \*my/our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) 7 November 2016

Signed



Administrator

Dated

### 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 researchers of the public record

Anthony Murphy  
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DX Number

WEDNESDAY



\*A5JF31YR\*

A26 09/11/2016 #319

COMPANIES HOUSE

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

**Administrator's Statement of Proposals pursuant to  
Paragraph 49 of Schedule B1**

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

**7 November 2016**

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## 1 Statutory Information

- 1.1 The registered number of Azure Oil Services Limited ( " the Company / Azure " ) is 02856486
- 1.2 The trading address of the Company was Unit 9 Kernick Industrial Estate, Parkengue Kernick, Penryn, Cornwall, TR10 9EP ("the freehold Premises"). The business traded under the name Metal Surgery.
- 1.3 The registered office of Azure has been changed from Unit 9 Kernick Industrial Estate, Parkengue Kernick, Penryn, Cornwall, TR10 9EP to c/o Harrisons Business Recovery & Insolvency ( London ) Limited ( " Harrisons " ), 4<sup>th</sup> Floor, 25 Shaftesbury Avenue, London, W1D 7EQ This is currently being changed to 3rd Floor, Office 305, 31 Southampton Row, London, WC1B 5HJ, due to a recent office move.
- 1.4 Details of the Company's director and secretary are as follows

	Date appointed	Date resigned	Shares held
<b>Director</b>			
Christopher John Walters	13 October 1993	N/A	Nil
<b>Company Secretary</b>			
David Kenneth Hines-Randle	15 October 1994	16 April 2016	Nil

## 2 Background to the Administration

### History of the Business

- 2.1 Azure was incorporated in 1993. Historically, the Company's main business was that of a marine fuel bunkering business. This business was sold in 2010 The last filed statutory financial accounts for the 12 months ended 31 December 2014 show that the Company made a loss of some £248,000
- 2.2 After the sale of the fuel bunkering business, the Company's main business stream was that of a metal fabricator, trading under the name "Metal Surgery".

2.3 The Company traded from the freehold Premises, which is owned by its parent company, Garraf Limited ("Garraf"), a company that is ultimately owned by the director of Azure, Mr Christopher Walters. Azure occupied the premises on an informal basis, with the agreement of Garraf and Mr Walters. *Since the appointment of the Administrator to Azure, Garraf has been placed into voluntary liquidation and Anthony Murphy of Harrisons was appointed Liquidator on 3 October 2016.*

2.4 Historically, Metal Surgery had approximately 13 employees, although at the date of administration only five or six employees remained

2.5 Management accounts for the six months to 30 June 2016 show that Metal Surgery made a net profit in the period of some £60,000. *These accounts are draft only and have not been verified*

### **Business Funding**

2.6 Azure's main source of cashflow funding was provided by an invoice factoring facility provided by Factor 21 Plc ("Factor 21"). The factoring agreement is supported by a full debenture containing full fixed and floating charges over all assets of the Company

2.7 The Company also operated a number of bank accounts with NatWest Bank Plc ("NatWest") and had the benefit of a £20,000 overdraft facility. The overdraft was fully utilised at the date of appointment. Azure also utilised a credit card facility provided by NatWest.

2.8 As a source of additional working capital, the majority of the Company's chattel assets, such as plant, machinery, vehicles and office equipment was also held subject to hire purchase and lease finance agreements with a number of finance houses.

### **Trading Difficulties**

2.9 In the middle of August 2016, Harrisons was first approached by the director to discuss certain trading difficulties currently being experienced. The first meeting was on 31 August 2016.

2.10 The main issue centred around the recovery of sums due to Azure from the largest customer for work that had been completed, and totalled approximately £165,000.

2.11 The customer had advised the Company that there was an issue with the quality of the work that it had undertaken, and as such, the customer was refusing to pay Azure a significant portion of the outstanding debt. The Company was also advised that the customer was raising a counter claim arising from the alleged defects.

2 12 This dispute was notified directly to Factor 21 by the customer, and, as a consequence, the invoice factoring facility had been suspended. The Company was therefore unable to draw down any further funds and this had a detrimental impact on Azure's ability to support day to day trading.

*For the purpose of this report, the identity of the customer has not been disclosed so as not to prejudice ongoing negotiations to recover sums due to Azure*

2 13 In more general terms, the Company's day to day running costs were considered to be too high. To alleviate this, the Company had already made a number of redundancies to reduce overhead costs, and was planning further cuts.

2 14 The Company also had the overhead burden of several hire purchase/lease finance and rental agreements. Whilst the business of Metal Surgery may have been able to generate a profit from its core activities by making stringent cuts, the business could not sustain these overheads.

2.15 Due to cashflow difficulties, Azure had also entered into a Time to Pay agreement with HMRC for arrears of VAT (£14,000 being repaid over three months).

#### **Appointment of Administrator**

2 16 At the request of Factor 21, Harrison's attended the business premises on 2 September 2016 and met with the director, Mr Christopher Walters.

2 17 The salient points to come out of that review and meeting were as follows:

2 17 1 The Company had lost a number of key employees over the last six months, including the financial controller and bookkeeper/payroll manager.

2.17.2 The books and records of the Company were not well kept, and the director appeared to have limited understanding of the day to day affairs of the business. It was readily apparent that the core business was being run by the general manager.

2.17 3 The Company's commitment to the various leasing companies was significant. The combined monthly lease/hire commitments totalled some £13,500, equating to approximately £162,000 per annum.

2 17 4 The business was trading on a much reduced capacity, and there was limited value in the forward order book. A brief review of current work in progress identified that the value of customer orders in the pipeline was in the order of £130,000.

2 17 5 The Company had combined liabilities in excess of £400,000.

- 2.17.6 Azure had very little working capital to fund continued trading. The business had a number of small customer sales invoices totalling no more than £15,000 which it could raise in the short term, but longer term further investment was required.
- 2.18 Having discussed these findings with the director and Factor 21 the decision was made that the business of Azure could not continue to trade in its present format, and that an Administrator should be appointed to the Company.
- 2.19 Anthony Murphy of Harrisons, 3rd Floor, Office 305, 31 Southampton Row, London, WC1B 5HJ, a licensed insolvency practitioner, was appointed Administrator of the Company by Factor 21 PLC on 13 September 2016.
- 2.20 The administration is registered in the High Court, Chancery Division, Companies Court, under reference number 5638 of 2016.
- 2.21 The EC Regulation on Insolvency Proceedings 2000 applies to the administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. Azure is based in the United Kingdom.

### **3 Administration Strategy and Objective**

- 3.1 The Administrator must perform his functions with the purpose of achieving one of the following objectives:
- a) rescuing the Company as a going concern, or
  - b) 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
  - c) realising property in order to make a distribution to one or more secured or preferential creditors.

Further information on the pursuance of the above objectives is detailed below

- 3.2 Objective a) was not achievable, the profitability of the core business was doubtful, the existing business had been reduced to a skeleton staff; the value of the existing forward order book was uncertain, and the director had no appetite to continue with the business.
- 3.3 Objectives b) and c) are being achieved, and I set out below further explanation.

## **Strategy on Appointment**

- 3.4 Immediately on appointment, the Administrator took control of the freehold Premises, and set about securing the tangible assets and books and records of the Company.
- 3.5 From a review of the current trading activities, a decision was taken not to trade on the business and actively market the business for a going concern sale. The main reasons for this were as follows
- 3.5.1 The Administrator had no readily available funds to meet the costs of continued trading. Azure had no cash at bank, and the facility with Factor 21 had been suspended.
- 3.5.2 The Company had a number of unfinished orders ( work in progress ) at various stages of completion. The Administrator considered what orders could be completed in the proposed short period of trading ( a maximum of four weeks ) and what level of invoicing could be achieved in that period.
- 3.5.3 On appointment, Azure had no completed orders that could readily be invoiced to customers to generate immediate cash for trading. Every order had an associated cost element in order to complete the work, including materials and labour.
- 3.5.4 There was also uncertainty regarding payment from customers in the event that orders were completed. The Administrator was aware of a number of existing disputes with customers regarding the quality of completed work by the Company prior to administration. Given these known disputes, there was no guarantee or certainty that customers would not raise further disputes on work done by the Administrator.
- 3.5.5 Having considered the most likely outcome for a limited period of trading, the Administrator prudently estimated that Azure would at best break even, if not incur a small loss. There would also have been the costs of supervision of trading to consider.
- 3.5.6 These findings were discussed with Factor 21. On balance, the anticipated outcome from trading was too uncertain. The Administrator could not recommend to Factor 21 that additional funds be advanced and a decision was therefore made not to make funds available to support continued trading.
- 3.6 Once the decision was made to cease trading, the Administrator dismissed all of Azure's employees; initially by way of verbal communication, followed by written confirmation.



3.7 Lambert Smith Hampton ("LSH") were instructed by the Administrator to take an inventory of the Company's chattel assets and prepare a formal valuation

3.8 The combined value for the Company's chattel assets, for both unencumbered assets and assets subject to finance, is some £72,150 on an *in situ* basis and £32,650 on a break up basis. These values include certain assumptions made in respect of the amounts owed on finance.

3.9 The estimated value of the unencumbered assets, including plant and machinery, motor vehicles, stock and office furniture and equipment is £36,300 on an *in situ* basis and £20,600 on a break up basis.

#### **Disposal of the Chattel Assets and Work in progress**

3.10 The former manager of Metal Surgery expressed an interest in acquiring certain unencumbered assets of Azure, and the unfinished work in progress lying on site at the time of appointment.

3.11 An offer of £14,000 was received from Fancy Dress Superstore Limited ("FDS") for certain items of plant, machinery and office furniture and equipment. In addition, a separate offer of £1,000 was also received from FDS for the work in progress and freely owned stock *Please note that FDS is an unconnected party.*

3.12 Whilst the offer made was below LSH's *ex situ* valuation, the following considerations were given

3.12.1 Associated sales costs and commission in pursuing an alternative disposal strategy could equate to 20-30% of overall realisations

3.12.2 FDS was seeking to continue to occupy the freehold Premises under licence from the Administrator. The offer made took account of the continued benefit to be received by the administration from a tenant in occupation under licence. *I comment in more detail below*

3.12.3 The work in progress on the current order book had no readily attainable value, save for the base value of the raw materials, and would require further fabrication work in order for it to have any quantifiable value

3.13 Based on these considerations, and in the absence of any other increased offer, LSH recommended that the Administrator accepted the offer from FDS. A sale was concluded shortly after the Administrator's appointment.

3.14 On LSH's recommendations, the Administrator intends to dispose of the balance of the Company's unencumbered assets by way of an on-line auction, which is set to occur during the second week of December 2016

#### **The Freehold Premises**

3.15 As commented upon above, the freehold Premises is owned by the parent company, Garraf. The property is subject to a mortgage in favour of Bath Investment & Building Society ("BIBS")

3.16 Azure occupied the premises on an informal basis, with the agreement of Garraf (and indirectly with Mr Walters), and in return maintained the monthly mortgage due to BIBS under the mortgage

3.17 With the agreement of Garraf and Mr Walters, the Administrator has granted FDS a short term licence to occupy the freehold Premises in order for him to continue with his business activities. Under the terms of the licence, FDS is paying the Administrator a licence fee of £1,500 per month.

#### **Disposal of Residential Flat – "the Flat"**

3.18 The Company owns a residential property in Plymouth, which is currently occupied by the director, Mr Walters. The Flat is also subject to a mortgage in favour of BIBS, and at the date of appointment the mortgage outstanding was approximately £305,000.

3.19 Factor 21 also has a secondary interest in the Flat behind BIBS under its fixed charge security. 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 the Company's indebtedness to Factor 21, in the event Factor 21 is not repaid from debtor realisations.

3.20 The Administrator has instructed Best Gapp, independent property agents, to assist him in the disposal of the Flat. The recommendation from Best Gapp is that the Flat is marketed for £425,000. *For the purposes of the director's Statement of Affairs only*, the Flat is prudently estimated to realise £415,000

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3 21 Presently, BIBS is not seeking to take its own recovery action as long as the Company maintains the monthly mortgage payments. There is a clear value in the Flat for the benefit of Factor 21 and the Administrator is continuing to service the BIBS' mortgage to preserve this value

### **Book Debt Collection**

3 22 As reported above, the Company's book debts are subject to a factoring agreement with Factor 21, and as such any recoveries made are not generally available for the benefit of creditors. At the date of appointment, the book debts were some £216,000, against which £170,435 was due to Factor 21

3 23 On appointment, approximately £165,000 was owed to Azure by its largest customer. The amount due is disputed, and the Company has received a cross claim in respect of the work that has been completed.

3 24 The Administrator has instructed an independent Quantity Surveyor, Robert Pearce Associates ("RPA"), to assist in the recovery of this disputed debt.

3 25 Since appointment, Factor 21 has continued to collect in the remainder of the debts due to Azure. At the time of this report, the remaining book debts are approximately £180,966. Factor 21 is owed approximately £118,120.

## **4 Administrator's Receipts and Payments**

4.1 A summary of receipts and payments for the administration period from the date of the Administrator's appointment on 13 September 2016 to 7 November 2016 is attached at Appendix A

## **5 Financial Position**

5.1 Attached at Appendix B is a summary of the Director's Estimated Statement of Affairs of the Company as at the date of the Administrator's appointment. This was verified by a statement of truth by the Director on 7 November 2016.

5.2 The Administrator has the following observations to make in relation to the Director's Estimated Statement of Affairs.

### **Freehold Property**

- 5.3 There is sufficient value in the Flat in Plymouth to repay the BIBS' mortgage in full, and generate a surplus. It is estimated that there is approximately £105,000 of equity in the Flat, subject to the final redemption figure and the associated costs of disposal.
- 5.4 In the first instance, any equity generated from the disposal of the Flat would be available to satisfy the Company's indebtedness to Factor 21, should it experience a shortfall on recovery from debtor realisations.

### **Book Debts**

- 5.5 *For the sake of this report only*, the director has applied a 25% provision against the disputed debt with the Company's largest debtor. A general provision of between 10-15% has been applied against the other debts.
- 5.6 Assuming total book debt collections of some £166,000, the director anticipates that Factor 21 will suffer a loss on recovery of approximately £4,000 from debtor recoveries. This is predicated on the provisions set out above.

*NB: Please note that the collection of the debtors remains within the control and under the security of Factor 21. As such, the director's views are not binding on any debtor recoveries.*

### **Leasehold Premises**

- 5.7 The Company does not occupy the business premises under any formal tenure, and as such there is no lease or licence that may ordinarily have had a value.

### **Parcels of Land**

- 5.8 The Company owned two parcels of land which were sold several years ago, subject to obtaining satisfactory planning consent.
- 5.9 The Administrator understands that the planning consent is imminent. However, the buyer has raised significant counter claims against Azure for misrepresentation. For the purposes of this report, no recoveries are anticipated.

### **Underlease**

- 5.10 *The Company 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 The Administrator will seek to ascertain whether or not the underlease has any realisable value.*

### **Chattel Assets**

- 5 11 There is no book value for the Company's chattel assets. The value is per LSH's formal valuation, and includes assets subject to hire purchase / finance agreements. The estimated to realise value is taken from the sale of the unencumbered assets to FDS.

### **Director's loan**

- 5.12 The director advises that he personally owes money to the Company in respect of his director's loan. From the books and records of Azure, it is unclear what monies may be owed to the Company.
- 5 13 The Administrator is aware that Mr Walters is seeking to propose a Voluntary Arrangement with his creditors ("IVA"). If an IVA is proposed and approved, it is uncertain what recovery may be made in the administration.

### **Inter Company Balance**

- 5 14 According to the books and records of Garraf, the Company is owed approximately £1.2 Million by way of an inter-company balance. The exact make-up of the loan is uncertain. Garraf has entered voluntary liquidation since the Administrator's appointment ( see above) and the expected recovery is nil.

## **6 Proposals**

It is proposed that the Administrator will continue to manage the affairs of Azure, in order to achieve the objective of the administration. In the circumstances, it is proposed that:

- 6 1 If, having realised the assets of the Company, the Administrator thinks that a distribution will be available to the unsecured creditors from the fund created out of Azure's net floating charge property ( known as the 'Prescribed Part' ) by virtue of Section 176A(2)(a) of the Insolvency Act 1986 ( " the Act " ), this will be distributed by the Administrator in the administration and the Company will thereafter proceed to dissolution.
- 6 2 If, having realised the assets of Azure, the Administrator thinks that a distribution will be made to the unsecured creditors other than by virtue of Section 176A(2)(a) of the Act as noted above, the Administrator proposes filing a notice with the Registrar of Companies, which will

have the effect of bringing the appointment of the Administrator to an end and will move the Company automatically into Creditors' Voluntary Liquidation ( " CVL " ), in order that the distribution can be made. In these circumstances, it is proposed that the Administrator will become the Liquidator of the CVL.

- 6.3 Court approval is not required to enable the Administrator to make a distribution to the unsecured creditors of the Prescribed Part. If, however, a distribution to unsecured creditors not limited to the Prescribed Part is anticipated, the Administrator may consider making an application to court to seek permission to distribute this in the administration. If permission is granted, Azure will exit into dissolution once the distribution has been made and the administration concluded.
- 6.4 If the Administrator thinks that the Company has no property which might permit a distribution to its creditors, the Administrator will file a notice with the Court and the Registrar of Companies for the dissolution of Azure.
- 6.5 *It should be noted that the Administrator expects Factor 21 to achieve a full recovery under its fixed charge. This is predicated on current estimated to realise values, as per the director's Statement of Affairs. It is therefore anticipated that the provisions of Section 176A(2)(a) of the Act ("the Prescribed Part") will not apply in this case.*
- 6.6 See Section 7 below on **Exit Routes** for further information on the exit routes available from administration.
- 6.7 The Administrator shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Act, as he considers desirable or expedient to achieve the statutory purpose of the administration.
- 6.8 If the Administrator considers it necessary to extend the period of the administration, the Administrator will seek the consent of creditors or the approval of the Court to the extension. Creditors may consent to an extension for a period of up to one year and the Court can order that the Administrator's term of office be extended for a specified period determined by it.
- 6.9 If the creditors consider establishing a Creditors' Committee and that if any such Committee is formed, they be authorised to sanction the basis of the Administrator's remuneration and disbursements and any proposed act on the part of the Administrator without the need to report back to a further meeting of creditors generally, to include any decision regarding the most appropriate exit route from the administration.

6.10 The basis of the Administrator's remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by the Administrator

- as a percentage of the value of the assets the Administrator has to deal with, or
- by reference to time properly spent by the Administrator and his staff managing the administration, or
- as a set amount

6.11 In accordance with Statement of Insolvency Practice 9, issued by the Association of Business Recovery Professionals, the Administrator be authorised to draw Category 2 disbursements as and when funds are available, in accordance with Harrisons' published tariff. Details of Category 2 disbursements charged by Harrisons can be found in Appendix D.

6.12 Where no Creditors' Committee is appointed, the remuneration and disbursements of the Administrator shall be fixed by resolution of a meeting of creditors, or, where the Administrator thinks that the Company has insufficient property to enable a distribution to be made to the unsecured creditors ( other than via the prescribed part ), approval will be sought from the secured and ( if necessary ) the preferential creditors in accordance with R2 106 of the Insolvency Rules 1986. The Administrator will also seek approval for any unpaid pre-administration costs detailed in this report and his discharge from liability in the same manner

6.13 In this case, the Administrator is seeking to approve the basis of his remuneration as follows:

- By reference to the time properly spent by the Administrator and his staff in attending to matters arising in the administration.

6.14 The Administrator will be discharged from liability under Paragraph 98 of Schedule B1 to the Act immediately upon his appointment as Administrator ceasing to have effect.

## **7 Exit Routes**

### **Creditors' Voluntary Liquidation – "CVL"**

7.1 Based on present information, the Administrator does not think a dividend will be paid to the unsecured creditors, other than by virtue of the Prescribed Part in the event that Factor 21 does not enjoy a full recovery under its fixed charge.



7.2 In the event that a dividend will be paid to the unsecured creditors by virtue of the Prescribed Part, the Administrator will either make an application to Court to enable him to make a distribution to unsecured creditors in the administration or the Administrator will file a notice with the Registrar of Companies in order that the administration will cease and the Company will move automatically into CVL to facilitate this distribution. It is proposed that the Administrator will also become the Liquidator of the CVL.

7.3 Creditors have the right to nominate an alternative Liquidator of their choice. To do this, creditors must make their nomination in writing to the Administrator prior to these proposals being approved. Where this occurs, the Administrator will advise creditors and provide the opportunity to vote. In the absence of a nomination, the Administrator will automatically become the Liquidator of the subsequent CVL.

#### **Dissolution of the Company**

7.4 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.

7.5 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.

7.6 The Administrator's appointment will end following the registration of the notice by the Registrar of Companies.

#### **Compulsory Liquidation**

7.7 If a move to CVL is not possible because a dividend to the unsecured creditors ( other than by virtue of the Prescribed Part ) is not anticipated, but the Administrator concludes that an exit into liquidation is appropriate so that further investigations into the Company's affairs may be carried out, an application to Court may be made to exit into Compulsory Liquidation instead. If this is appropriate, at this stage it is anticipated, but not mandatory, that the Administrator will become the Liquidator in the subsequent liquidation.

## **8 Pre-administration Costs**

8.1 Prior to the date of the Administrator's appointment, Harrison's incurred total pre-appointment time costs totalling **£13,246**, which represents 60 hours at an average rate of £220.77 per hour. Attached at Appendix C is a pre-appointment Time Analysis

8.2 Harrison's was instructed by the Company on 6 September 2016 to assist in the administration process. It was agreed that Harrison's shall be paid £10,000 plus VAT by the Company acting by its directors in respect of the costs associated with assessing that administration is the appropriate insolvency procedure and seeking the appointment of Anthony Murphy as Administrator.

8.3 In the event that pre-administration costs were not for any reason paid in accordance with the terms of the engagement letter by the Company, Harrison's reserved the right to seek approval for these costs as an expense of the Administration under the provisions of R2.67A of the Insolvency Rules 1986.

8.4 Harrison's' pre-appointment time costs include the following matters:

- Setting up files and case set up on IPS.
- Completing checklists and conflict checks to accept appointment
- Strategy meetings to discuss the case and internal strategy e-mails regarding appointment
- Undertaking a review of the solvency of Azure, including site visits.
- Review of book debt position and recoverability of book debts
- Review of debtor dispute
- Review of lease position
- Liaising with and advising the Director of the Company.
- Meetings with Director and the Director's advisers
- Liaising with and advising F21.
- Review of appointment documents and dealing with e-mails regarding the appointment.
- Liaising with PDT Solicitors ( " PDT " ) regarding the appointment formalities
- Securing the Administrator's appointment.
- Secured creditors / security review

8.5 The majority of the above work could only have been carried out pre-appointment, and enabled the appointment to take place

8.6 The work furthered the achievement of objective c) of the hierarchical objectives by preserving the value of the book debt ledger for the benefit of the secured creditor, Factor 21.

### **Legal Fees**

8.7 PDT was instructed to assist Harrisons with the proposed appointment of the Administrator. This included preparing the relevant appointment documentation and forms, filing the appointment documentation at Court, conducting a security review and other general appointment formalities.

8.8 Pre-appointment fees charged and expenses incurred by the administrator are as follows:

<b>Charged by</b>	<b>Brief description of services provided</b>	<b>Total amount incurred £</b>	<b>Amount paid £</b>	<b>Who payments made by</b>	<b>Amount unpaid £</b>
<i>Harrisons</i>	<i>Please see above.</i>	<i>13,246</i>	<i>Nil</i>	<i>N/A</i>	<i>13,246</i>
<i>PDT</i>	<i>Legal advice and disbursements in relation to the Administrator's appointment. Please see above.</i>	<i>1,540</i>	<i>Nil</i>	<i>N/A</i>	<i>1,540</i>

8.9 The payment of unpaid pre-administration costs set out above as an expense of the administration is subject to the approval of creditors, separately to the approval of the Administrator's proposals. As the Administrator thinks that Azure has insufficient property to enable a distribution to be made to the unsecured creditors ( other than via the prescribed part ), approval will be sought from the secured and ( if necessary ) the preferential creditors in accordance with R2 67A of the Insolvency Rules 1986 ( " the Rules " ).

## **9 Administrator's Remuneration**

9.1 Under the provisions of R2.106 of the Rules, the Administrator is required to provide creditors with details of the work he proposes to undertake in the administration and the expenses he

considers will be, or are likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which the Administrator's remuneration will be fixed.

9 2 In addition to this, where an Administrator seeks to pass a resolution to agree the basis of his remuneration by reference to the time properly spent by him and his staff in attending to matters arising in the administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.

9 3 In this case, I am seeking to agree that my remuneration be based on the time properly spent by me and my staff in dealing with the affairs of the Company My fees estimate and details of the work I propose to undertake can be found in Appendix D to this report Please note that where appropriate, the fees estimate may be to a particular stage of the case only and if I consider the estimate will be exceeded during the Administration, I am obliged to seek further approval for any increase in my remuneration The fees estimate provides details of these matters where relevant and appropriate approval to the basis of my remuneration will be sought as outlined in section 6 of this report.

9 4 I will provide updates on the expenses I consider will be, or are likely to be, incurred during this case with my progress reports in due course.

9.5 A copy of "A Creditors' Guide to Administrator's fees is available on request or can be downloaded from <http://www.harrisons.uk.com/creditors-guide-fees> If you would prefer this to be sent to you in hard copy please contact Robert Forster of this office on 0207 317 9160.

## **10 Next Report**

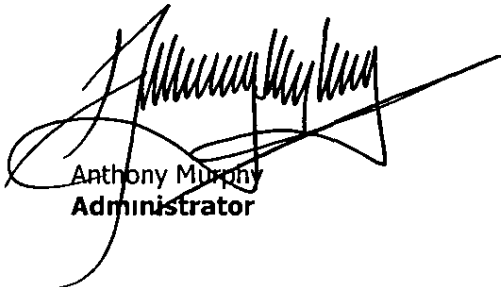
10.1 The Administrator is required to provide a progress report within one month of the end of the first six months of the Administration and I will report to you again at this time.

## **11 Meeting of Creditors**

11 1 The Administrator thinks that the Company has insufficient property to enable a distribution to be made to the unsecured creditors In accordance with Paragraph 52 (1) (b) of Schedule B1 of The Insolvency Act 1986 an initial meeting of the Company's creditors is therefore not being convened

11 2 The Administrator is, however, obliged to hold an initial creditors' meeting if 10% in value of the creditors request it. If you wish for a meeting to be held, you must notify him in writing in the prescribed form on or before 16 November 2016. In the absence of any such request, the proposals will be deemed approved.

For and on behalf of  
Azure Oil Services Limited



Anthony Murphy  
**Administrator**

Enc

**Appendix A**

**Receipts and Payments Account for the Period from 13 September 2016 to 7 November 2016**

**Azure Oil Services Limited  
( in Administration )**

**Administrator's Summary of Receipts & Payments**

Statement of Affairs £		From 13/09/2016 To 07/11/2016 £
415,000 00	ASSET REALISATIONS Freehold Property	Nil
	COSTS OF REALISATION Mortgage Payments	(3,111 00) <u>(3,111.00)</u>
14,000.00 1,000 00	ASSET REALISATIONS Plant & Machinery Stock / Work in Progress Licence Fee Bank Interest Gross	14,000 00 1,000.00 3,000 00 3 55 <u>18,003.55</u>
	COST OF REALISATIONS Agents' Fees Agents' Disbursements Legal Fees Legal Disbursements Mortgage Payments	(5,750.00) (250.00) (3,450.00) (142.30) (2,604.56) <u>(12,196.86)</u>
		<u><b>2,695.69</b></u>
	REPRESENTED BY Cash at Bank (Interest Bearing) VAT Payable	3,805.69 (1,110.00) <u><b>2,695.69</b></u>

**Appendix B**

**Summary of Director's Statement of Affairs of the Company**



**Azure Oil Services Limited ( in Administration )**

**Summary of Director's Statement of Affairs as at 13 September 2016**

	<b>Book Value</b>	<b>Estimated to</b>
	<b>£</b>	<b>Realise</b>
		<b>£</b>
<b>Assets subject to fixed charge or other encumbrance</b>		
Freehold property	425,000	415,000
Less		
Due to Bath Building Society	<u>(305,000)</u>	<u>(305,000)</u>
Estimated Property surplus carried down	120,000	110,000
Book debts	216,822	166,424
Less		
Due to Factor 21 Plc	<u>(170,435)</u>	<u>(170,435)</u>
Estimated surplus / (deficiency) on book debt collection	46,387	(4,011)
Estimated Property surplus brought down		<u>110,000</u>
Estimated fixed charge surplus after repayment to Factor 21 carried down		105,989
 <b>Uncharged Assets</b>		
Leasehold premises	Nil	Nil
Parcels of land	Nil	Nil
Underlease	Nil	Nil
Chattel assets	81,000	14,000
Stock & Work in progress	143,800	1,000
Director's loan	Uncertain	Uncertain
Inter company balance	1,224,938	Nil
Fixed charge surplus brought down	105,989	105,989
 <b>Estimated total assets available for preferential creditors</b>		 120,989
Preferential creditors Employees	<u>(20,213)</u>	
<b>Total assets available to unsecured creditors</b>		<b>100,776</b>
<b>Unsecured, non-preferential creditors</b>		
Trade & expense creditors	(131,713)	
Leasing companies	(218,247)	
NatWest Bank Plc	(29,112)	
H M Revenue & Customs - PAYE	(24,670)	
- VAT	<u>(9,684)</u>	
		<u>(413,426)</u>
<b>Estimated deficiency as regards creditors</b>		<b>(312,650)</b>
Issued and called up capital		<u>(25,000)</u>
<b>Estimated total deficiency as regards members</b>		<b><u>(337,650)</u></b>

**Azure Oil Services Limited ( in Administration )  
B - Company Creditors**

Key	Name	Address	£
C100	1pm plc	2nd Floor, St James House, The Square, Lower Bristol Road, Bath, BA2 3BH	27,867 02
CA00	ABS Metals	ABS Metals unit 4, tregoniggle industrial estate, falmouth, TR11 4SN	138 04
CA01	Addison Saws	Addison saws atwood street, iye, stourbridge, DY9 8RU	126 90
CA02	AG Cranes Ltd	Troy Industrial Estate, Jill Lane, Sambourne, B96 6ES	1,437 60
CA03	Air Liquide UK Ltd	Station Road, Coleshill, Birmingham, B46 1JY	2,181 01
CA04	Armada Engineering Limited	Tube Service Centre, Penningillam Industrial Estate, Launceston, Cornwall, PL15 7PY	503 25
CA05	Kloeckner Metals UK	Valley Farm Road, Stourton, Leeds, LS10 1SD	7,070 74
CA06	Aldermore Bank PLC	4th Floor Block D, Apex Plaza, Forbury Road, Reading, RG1 1AX	70,849 99
CA07	Asset Advantage Limited	Third Floor, Matrix House Basing View, Basing View, Basingstoke, RG21 4DZ	33,242 83
CA08	Armada Asset Finance	Armada House, Ebford, Topsham, Exeter, EX3 0PB	14,060 32
CA09	Arkle Finance Limited	52-60 Sanders Road, Wellingborough, Northamptonshire, NN8 4BX	13,446 95
CA0A	Albanwise Limited	Fincham Road, Old School House, Barton Bendish, King's Lynn, PE33 9DL	200 00
CB00	Barrett Engineering Steel South West	116 Burcott Road, Avonmouth, Bristol, BS11 8AF	19 37
CB01	Berendsen UK Ltd	The Praze, Penryn, TR10 8DJ	90 16
CB02	Blackburns Metals Ltd	unit k1, eagle road, Langage business park plymouth, Devon, PL7 5JY	9,921 30
CB03	BOC Limited	Trevenson Road, Redruth, TR15 3PW	272 17
CB04	Brammer Uk Ltd	claverton court, claverton road, wythenshawe, manchester, M23 9NE	224 60
CB05	Complete Office Solutions UK Ltd	T/A Martin Luck Group, Row Down Jouse, Langage Park, Plymouth, PL7 5EY	214 13
CB06	Burcombe Haulage Ltd	St Dominic, Saltash, PL12 6SH	1,140 00
CB07	Biffa Waste Services Ltd	Coronation Road, High Wycombe, HP12 3TZ	341 28
CB08	British Gas Business	C/o Baker Tilly Creditor Services LLP, 6th Floor Salisbury House, 31 Finsbury Circus, London, EC2M 5SQ	171 22
CC00	Carn Logistics Ltd	1 & 2 harmony house, jon davey drive, treleigh Ind Est, Redruth, TR16 4DE	122 04
CC01	Carters Packaging	CPL Packaging house, wilson way, redruth, cornwall, TR15 3QN	993 85
CC02	CF Corporate Finance Limited	C/o Baker Tilly Creditor Services, Salisbury House, 31 Finsbury Circus, London, EC2M 5SQ	2,093 15
CC03	City Electrical Factors	unit 7, F A O Andrew Edwards, leo Ind Est, kernick road, Penryn, Cornwall, TR10 9DQ	14 02
CC04	Concorde Group	Concorde recruitment, Chiltem house, city road, truro, TR1 2JL	13,481 01
CC05	Cornwall Council	Cornwall Council, County Hall, Treyew Road, Truro, TR1 3AY	9,318 00
CC06	Cory Commercial	Tregongeeves Depot, Tregongeeves lane, st mewan, st austell, Cornwall, PL26 7DS	492 96
CC07	Close Brothers Business Finance	Bridge House, Hesselwood Country Office Park, Ferriby Road, Hessele, East Yorkshire, HU13 0PB	7,482 50
CC08	Contract Natural Gas Ltd	2 Victoria Avenue, Harrogate, North Yorkshire, HG1 1EL	27 72
CD00	Datasharp	Woodlands court, truro business park, truro, Cornwall, TR4 9NH	75 83
CD01	Duchy Fasteners	Units 1-4, Station Rd Ind Est, Perranporth, Cornwall, TR6 0LH	790 39
CD02	DBM	29 vicarage Rd, Watfrod, WD18 0DE	936 76
CE00	Euro Connect Center LTD	FWB, Threemilestone Ind Est, Truro, TR4 9LD	619 00
CF00	FWB Products (Accounts) Ltd	Thames Park, Lester Way, Wallingford, Oxon, OX10 9TA	116 76
CF01	Factor 21 PLC	Unit 14, Visicks Works Devoran, Truro, Cornwall, TR3 7NR	170,434 68
CG00	Glazente	PO Box 693, Haywards Heath, RH16 9DS	1,082 46
CG01	General Asset Management Leasing Limited		13,089 57

CH00	HM Revenue and Customs (PAYE)	Enforcement and Insolvency Service, Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	24,669 93
CH01	HM Revenue & Customs [ VAT ]	DMB 420, BX5 5AB	9,683 86
CH02	HSBC Invoice Finance (UK) Ltd	Re AEM Steel Profiles Ltd, Farncombe Road, Worthing, West Sussex, BN11 2BW	7,152 98
CI00	Industrial Electrical Repairs Ltd	Unit C, Fiveways Workshops, Pelean Cross, Ponsanooth, TR3 7JQ	210 00
CI01	Investec Asset Finance Plc	Reading International Business Park, Reading, Berkshire, RG2 6AA	25,137 99
CI02	Investec	C/o Baker Tilly Creditor Services LLP, 6th Floor, Salisbury House, 31 Finsbury Circus, London, EC2M 5SQ	0 00
CJ00	Jewson Limited	C/o Begbies Traynor (SY) LLP, Kendal House, 41 Scotland Street, Sheffield, S3 7BS	706 86
CJ01	Johnsons Apparelmaster	Cowley Bridge Rd, Exeter, EX4 5AA	425 97
CK00	Kensington Traders Ltd	23/25 Ribcon Way, Progress Park, Luton Beds, LU4 9UR	3,056 35
CK01	Kernick Metal Finishers Ltd	50 Kernick Rd, Penryn, Cornwall, TR10 9DQ	2,033 20
CK02	Kingsley	Tregonigge Ind Est, Falmouth, Cornwall, TR11 4SN	23 16
CK03	Kloekner Metals UK	Valley Farm Road, Stourton, Leeds, LS10 1SD	565 97
CM01	Mayo Electrical Ltd	7 glasney Rd, Falmouth, Cornwall, TR11 2QA	0 11
CM02	MetalCraft Cornwall	Unit 40, Kernick Ind Est, Penryn, Cornwall, TR10 9EP	225 36
CM03	MacAce	Westcountry House, Victoria Square, Bodmin, Cornwall, PL31 1EB	190 00
CN00	NCI Technologies	Waterside house, falmouth Rd, Penryn, TR10 8BE	293 70
CN01	Newsquest Media Group	Cardiff Road, Maesglas, Newport, NP20 3QN	742 80
CN02	Nick Ferns Skip Hire Ltd	hermiss farm waste transfer, hermiss, longdowns, TR10 9DU	320 40
CN03	Nightwatch Services	8 frost court, Falmouth, TR11 2UL	279 00
CN04	Npower Business	PObox 583, Hull, HU15 1YU	1,878 82
CN05	National Westminster Bank PLC	Credit Management Services, Business Recoveries, PO Box 569, Adwick Park, Manvers, Rotherham, S63 3FB	19,975 83
CN06	National Westminster Bank PLC	Commercial Cards Division, Cards Customer Services, PO Box 5747, Southend-On-Sea, S51 9AJ	9,136 60
CP00	Penryn Plastics	6 Jennings Rd, Kernick Ind Est, penryn, Cornwall, TR10 9LY	11 41
CP01	Pension	Field House, Darklake View, Estover Ind Est, Plymouth, PL7 5JY	519 94
CP02	Proweld UK Limited	Stanley way, Cardrew, Redruth, Cornwall, TR15 1SP	811 41
CR00	R R Transport Ltd	Unit 6 Easter Court, Westerleigh Business Park, Yate, Bristol, BS37 5YS	17,835 00
CR01	RHC Lifting Ltd	Ricoh House, Wells Place, Merstham, RH1 3LG	625 80
CR02	Ricoh Capital Ltd	Plymouth service centre, long acre, saltash, Parkway Ind Est, Cornwall, PL12 6LZ	893 11
CR03	Righton	C/o Euler Hermes Collections, 1 Canada Square, London, E14 5DX	11,702 82
CR04	Ross Handling Limited	Peat House, Newham Road, TRURO, Cornwall UK, TR1 2DP	462 24
CR05	Robinson Reed Layton	South Turnpike, Redruth, Cornwall, TR15 2LZ	4,200 00
CS00	SJ Andrew & Sons Limited	Stratton Business Park, London Road, Biggleswade, SG18 8QB	4,377 67
CS01	Smiths Metal Centres Ltd	Edgeley Barn Offices, Cirencester, GL7 6PA	894 00
CS02	SMS Business Systems Ltd	Marsh End, Lords Meadow Ind Est, Crediton, Devon, EX17 1DN	1,812 00
CS03	South West Galvanisers LTD	Chase House 16, The Parks, Newton-Le-Willows, WA12 0JQ	7,082 72
CS04	Speedy Asset Services Ltd		184 87
CS05	SWW (South West Water)		355 92
CS06	Scott Burridge Commercial	Daniell House, Falmouth Road, Truro, Cornwall, TR1 2HX	600 00
CT00	Thirsty Work Ltd	PObox 240, Exceter, Devon, EX4 3YH	144 08
CT01	Tyre Finders	20 Commercial Rd, Penryn, Cornwall, TR10 8AG	494 42
CT02	Thnings LLP	The Paragon, Counterslip, Bristol, BS1 6BX	6,602 00
CU00	Ultimate Finance Group PLC	Unit 1, West Point Court, Great Park Road, Bradley Stoke, Bristol, BS32 4PY	10,084.04
CV00	Viking	PObox 9998, Leicester, LE41 9GS	186 46
CV01	Vodafone	Atlas House, Atlas Park, Simonsway, Manchester, M22 5RR	498 46

CW00	Watson Abrasive Products Ltd	143 Carlisle Street, Sheffield, S4 7LJ	940 80
CW01	Wellington Welding	Cattedown Rd, Cattedown, Plymouth, Devon, PL4 0SW	1,142 60
EB00	Mrs Stella Bryant	C/o Harrison's Business Recovery & Insolvency ( London ) Limited	Uncertain
EB01	James Brindley	C/o Harrison's Business Recovery & Insolvency ( London ) Limited	Uncertain
EC00	Mr Rhos William Chenoweth	C/o Harrison's Business Recovery & Insolvency ( London ) Limited	Uncertain
EC01	Miss Rebecca Claire Catterall	C/o Harrison's Business Recovery & Insolvency ( London ) Limited	Uncertain
EH00	Mr Leigh Head	C/o Harrison's Business Recovery & Insolvency ( London ) Limited	Uncertain
EH01	Mr Wayne Higson	C/o Harrison's Business Recovery & Insolvency ( London ) Limited	Uncertain
ES00	Mr Andrew Stivey	C/o Harrison's Business Recovery & Insolvency ( London ) Limited	Uncertain
ES01	Mr Haydn Jake Smith	C/o Harrison's Business Recovery & Insolvency ( London ) Limited	Uncertain
ES02	Mr Glen Smith	C/o Harrison's Business Recovery & Insolvency ( London ) Limited	Uncertain
ET00	Mr Mathew Tudor	C/o Harrison's Business Recovery & Insolvency ( London ) Limited	Uncertain
EW00	Mr Gary Wal	C/o Harrison's Business Recovery & Insolvency ( London ) Limited	Uncertain
EW01	Mr David Warr	C/o Harrison's Business Recovery & Insolvency ( London ) Limited	Uncertain

**Total:**

**583,860.24**

**Time Analysis for the Period from 13 September 2016 to 31 October 2016**

# Time Entry - Detailed SIP9 Time & Cost Summary

AZURE001 - Azure Oil Services Limited  
 From 01/01/2000 To 13/09/2016  
 Project Code PRE

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
10 Advice Pre Appointment	3 00	0 00	12 80	0 00	15 80	3,319 00	210 06
101 Case planning	6 20	14 00	0 10	0 00	20 30	5,829 50	287 17
103 Appointment notification	0 00	0 00	0 30	0 00	0 30	46 50	155 00
11 Administrations - Notice of Intention / Appointment	1 60	0 00	0 00	0 00	1 60	712 00	445 00
113 Dealing with Directors	1 20	15 00	0 10	0 00	16 30	1,464 50	89 85
120 General Correspondence	0 00	0 00	0 40	0 00	0 40	62 00	155 00
121 General Meeting	0 00	0 00	1 20	0 00	1 20	186 00	155 00
<b>Administration &amp; Planning</b>	<b>12 00</b>	<b>29 00</b>	<b>14 90</b>	<b>0 00</b>	<b>55 90</b>	<b>11,619 50</b>	<b>207 86</b>
508 Secured Creditors	2 10	0 70	0 10	0 00	2 90	1,163 50	401 21
<b>Creditors</b>	<b>2 10</b>	<b>0 70</b>	<b>0 10</b>	<b>0 00</b>	<b>2 90</b>	<b>1,163 50</b>	<b>401 21</b>
305 Land and Property	0 20	0 00	0 00	0 00	0 20	89 00	445 00
311 Agents - Realisation of Assets	0 00	0 30	0 00	0 00	0 30	91 50	305 00
317 Leases/Licences	0 00	0 00	0 10	0 00	0 10	15 50	155 00
<b>Realisations of Assets</b>	<b>0 20</b>	<b>0 30</b>	<b>0 10</b>	<b>0 00</b>	<b>0 60</b>	<b>196 00</b>	<b>326 67</b>
400 Trading	0 60	0 00	0 00	0 00	0 60	267 00	445 00
<b>Trading</b>	<b>0 60</b>	<b>0 00</b>	<b>0 00</b>	<b>0 00</b>	<b>0 60</b>	<b>267 00</b>	<b>445 00</b>
<b>Total Hours</b>	<b>14 90</b>	<b>30 00</b>	<b>15 10</b>	<b>0 00</b>	<b>60 00</b>	<b>13,246 00</b>	<b>220 77</b>
<b>Total Fees Claimed</b>						<b>0 00</b>	

# Time Entry - Detailed SIP9 Time & Cost Summary

AZURE001 - Azure Oil Services Limited  
 From 13/09/2016 To 31/10/2016  
 Project Code POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
101 Case planning	0.70	0.00	1.70	0.00	2.40	575.00	239.58
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	0.00	5.00	795.00	159.00
104 Maintenance of records	0.00	0.50	2.80	0.40	3.70	652.50	176.35
112 Dealing with Existing Advisors	0.00	0.00	0.00	0.00	0.20	31.00	155.00
113 Dealing with Directors	3.00	2.30	1.80	0.00	7.10	2,315.50	326.13
120 General Correspondence	0.00	0.00	3.90	0.00	3.90	604.50	155.00
136 Admin - Month 1 Review	0.00	0.20	0.00	0.00	0.20	61.00	305.00
141 Admin - Case Specific Review	0.00	0.00	0.90	0.00	0.90	139.90	155.00
146 Admin - P49 Report	0.50	1.00	0.30	0.00	1.80	574.00	318.89
159 Admin - Appointment Holder VAT426/427/833	0.00	0.00	0.10	0.00	0.10	15.50	155.00
180 Bonding - Initial Bond Calculation	0.00	0.50	1.80	0.00	2.30	431.50	187.61
186 Cashier - Receipts	0.00	0.00	1.10	1.20	2.30	338.50	147.17
187 Cashier - Payments	0.00	0.00	1.00	0.90	1.90	281.00	147.89
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
<b>Administration &amp; Planning</b>	<b>4.50</b>	<b>4.50</b>	<b>22.10</b>	<b>3.10</b>	<b>34.20</b>	<b>7,269.50</b>	<b>212.56</b>
506 Client Dealings/Communications	0.00	0.00	0.10	0.00	0.10	15.50	155.00
<b>Case specific matters</b>	<b>0.00</b>	<b>0.00</b>	<b>0.10</b>	<b>0.00</b>	<b>0.10</b>	<b>15.50</b>	<b>155.00</b>
500 Creditors	0.00	0.00	2.40	0.00	2.40	372.00	155.00
501 Communication with creditors	1.30	0.00	7.10	0.00	8.40	1,694.00	201.67
504 Claims Trade and Expense	0.00	0.00	3.90	0.00	3.90	604.50	155.00
505 Claims HP and Leasing	0.00	3.70	6.90	0.00	10.60	2,198.00	207.96
508 Secured Creditors	2.50	0.30	0.10	0.00	2.90	1,219.50	420.52
516 Employee - Pref Claims (Wages/Hol)	0.00	4.00	8.70	0.00	12.70	2,578.50	203.03
517 Employee - Unsecured (Red/PILON)	0.20	0.00	0.10	0.00	0.30	104.50	348.33
519 Claims - HMRC	0.00	0.00	0.10	0.00	0.10	15.50	155.00
<b>Creditors</b>	<b>4.00</b>	<b>8.00</b>	<b>29.30</b>	<b>0.00</b>	<b>41.30</b>	<b>8,786.50</b>	<b>212.75</b>
205 General Investigations	1.80	0.30	5.70	0.00	7.80	1,776.00	227.69
<b>Investigations</b>	<b>1.80</b>	<b>0.30</b>	<b>5.70</b>	<b>0.00</b>	<b>7.80</b>	<b>1,776.00</b>	<b>227.69</b>
300 Realisation of assets	1.60	0.70	0.40	0.00	2.70	987.50	365.74
301 Ident securing and insuring assets	0.00	0.00	10.80	0.00	10.80	1,674.00	155.00
302 ROT	0.20	0.20	2.50	0.00	2.90	537.50	185.34
303 Debt collection	1.50	3.30	3.80	0.00	7.40	1,897.00	256.35
311 Agents - Realisation of Assets	0.40	3.30	0.20	0.00	3.90	1,215.50	311.67
313 Agents - Debt Collection	0.00	0.90	0.00	0.00	0.90	274.50	305.00
315 Freehold Land & Property	0.40	0.40	0.40	0.00	1.20	362.00	301.67
316 Leasehold Land & Property	0.50	0.00	0.20	0.00	0.70	253.50	362.14
317 Leases/Licences	13.90	0.00	3.60	0.00	17.50	6,743.50	385.34
320 Overdrawn Director Loans	0.00	0.00	0.20	0.00	0.20	31.00	155.00

# Time Entry - Detailed SIP9 Time & Cost Summary

AZURE001 - Azure Oil Services Limited  
 From 13/09/2016 To 31/10/2016  
 Project Code POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Realisations of Assets</b>	19 50	7 60	22 10	0 00	48 20	13,976 00	289 96
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
<b>Total Hours</b>	<b>28 60</b>	<b>35 40</b>	<b>79 30</b>	<b>3 10</b>	<b>146 60</b>	<b>36,398 50</b>	<b>248 28</b>
<b>Total Fees Claimed</b>						<b>0 00</b>	



## Additional Information in Relation to Administrator's Fees Appendix D

### 1. Fee Basis

- 1.1 The Administrator is seeking to agree the basis of his remuneration in this case as time properly spent by him and his staff in dealing with the affairs of the Company. This appendix includes details of the work the Administrator proposes to undertake and the expenses the Administrator considers will be, or are likely to be, incurred
- 1.2 Where a time cost basis is being sought, this will include the Administrator's fees estimate, which also provides details of the hourly rate or rates the Administrator and his staff propose to charge for each part of that work and the time he anticipates each part of that work will take.
- 1.3 In this case, I do not anticipate that it will be necessary to seek further approval to increase the level of the fees estimate if the time incurred is in excess of my fees estimate enclosed with this report

### 2 Expenses

- 2.1. Below is a table which outlines the expenses that I consider at this stage will be, or are likely to be, incurred in dealing with Azure's affairs. I will provide an update to creditors in my future progress reports

<i>Expense</i>	<i>Provider</i>	<i>Basis of fee arrangement</i>	<i>Cost to date £</i>
<i>Book debt collection</i>	<i>Robert Pearce Associates</i>	<i>20% of realisations</i>	<i>Nil</i>
<i>Agent's costs in dealing with freehold property</i>	<i>Best Gapp</i>	<i>Fixed fee and 3% of realisations to be charged</i>	<i>Nil</i>
<i>Agent's costs in dealing with chattel asset sales</i>	<i>Lambert Smith Hampton</i>	<i>Time costs plus disbursements</i>	<i>6,000</i>
<i>Solicitor's costs in dealing with the appointment</i>	<i>PDT Solicitors</i>	<i>Time costs plus disbursements</i>	<i>3,592</i>
<i>Statutory advertising</i>	<i>London Gazette</i>	<i>Fixed cost</i>	<i>Nil</i>
<i>Administrator's bond</i>	<i>AUA Insolvency Risk Services Limited</i>	<i>Fixed cost</i>	<i>Nil</i>
<i>Document storage</i>	<i>Total Data Management Limited</i>	<i>Cost per boxed stored</i>	<i>Nil</i>
<i>Staff related travel and subsistence</i>	<i>Direct cost of Administrator &amp; his staff</i>	<i>N/A</i>	<i>Nil</i>
<i>Insurance</i>	<i>AUA Insolvency Risk Services Limited</i>	<i>Risk based premium</i>	<i>Nil</i>

<i>Re-direction of the Company's mail</i>	<i>Royal Mail Group Limited</i>	<i>Fixed fee</i>	<i>Nil</i>
<i>Search costs</i>	<i>Companies House</i>	<i>Fixed fee</i>	<i>Nil</i>

### **3 Staff Allocation and the use of Sub-contractors**

3.1 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.

3.2 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. Harrison's charge out rate schedule below provides details of all grades of staff and their experience level.

3.3. Harrison is not proposing to utilise the services of any sub-contractors in this case.

### **4 Administrator's Disbursements**

4.1. 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. Any Category 1 disbursements we anticipate being incurred in this case are included in the table of expenses above.

4.2. 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.

4.3 The following Category 2 disbursements are currently charged by Harrison's:

<b>Type and purpose</b>	<b>£</b>
Business mileage @ 45p per mile incurred	768

- 4.4. Separate approval will be sought for the authorisation of the re-charge of Harrisons' Category 2 policy on the re-charge of these disbursements

## **5 Charge-out Rates**

- 5.1. A schedule of Harrisons' charge-out rates for this assignment effective from 1 July 2016 is detailed below. Please note that Harrisons records its time in minimum units of 6 minutes.

	<b>2016/2017</b>
	<b>£</b>
Directors	305 – 550
Managers	250 – 350
Senior Case Supervisors	175 – 250
Case Supervisors	125 – 205
Assistants/Trainee Case Supervisors	100 – 150

## **Azure Oil Services Limited ( " the Company / Azure ")**

### **Fees Information in accordance with The Insolvency (Amendment) Rules 2015 and Statement of Insolvency Practice 9**

#### **1. Fees overview**

- 1.1. Prior to an insolvency practitioner agreeing the basis of his remuneration as Administrator, details of the work proposed to be done and the expenses it is considered will be, or are likely to be, incurred in dealing with a company's affairs must be provided to creditors.
- 1.2. In addition, where the Administrator proposes to take all or any part of this remuneration based on the time he and his staff will spend dealing with the affairs of the insolvent company, a fees estimate must also be provided. This will outline the anticipated cost of that work, how long it is anticipated the work will take and whether any further approvals may be needed from creditors in due course.
- 1.3. It should be noted that a fees estimate may be provided to a particular milestone or for a designated period in a case, where it is not possible to accurately estimate the work that will need to be done at the outset.
- 1.4. Creditors should be aware that the fees estimate is based on all of the information available now and may be subject to change due to unforeseen circumstances that may arise during the administration. If it is considered that the fees estimate will be exceeded, the Administrator must provide an update and seek approval to increase the previously agreed fees estimate.

#### **2. Work anticipated and the likely return to creditors**

- 2.1. Some of the work undertaken by an insolvency practitioner is required by statute and may not necessarily provide a financial benefit to creditors. Examples of this work include investigations required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986, or dealing with the claims of former employees via the National Insurance Fund.
- 2.2. Where the work to be done is anticipated to produce a financial benefit to creditors, this will be stated and it may be necessary for the Administrator to instruct third parties to assist in this process because of a particular expertise that the third party may bring, such as valuation, tax or legal advice.
- 2.3. Where it is practical to do so, an Administrator will provide an indication of the likely return to creditors when seeking approval for the basis of his remuneration. Again due to the complex nature of the work undertaken by insolvency practitioners and the uncertainties that may exist in relation to the realisation of a company's assets at the outset of a case, this may not be possible. An Administrator is, however, required by statute to provide periodic reports to creditors on the progress of a case, which will include an update as to the likely return creditors may expect.

#### **3. Proposed fee basis**

- 3.1. In this case, it is being proposed that the basis of my remuneration as Administrator will be based on the time spent by me and my staff in dealing with the Company's affairs. Attached to this document is my fees estimate, together with an explanation of the work I propose undertaking.
- 3.2. Each part of the work to be undertaken will necessarily require different levels of expertise and, therefore, related cost. In order to aid understanding, for the purposes of my fees estimate, I have indicated an average blended rate of the grades of staff such as myself, the case manager,

the case administrator and cashier when estimating the total hours to be spent on each part of the work.

- 3.3. This fees estimate is produced on the basis of all the work I currently propose will be necessary in the administration. If I consider the fees estimate will be exceeded, I will notify creditors accordingly, provide a revised estimate and seek further approval for my increased fees

#### **4. Outline of work to be done by the Administrator**

- 4.1 Below are details of the work I propose undertaking in support of the fees estimate for the administration:

##### **Administration (including statutory compliance & reporting)**

- 4.2. Under insolvency legislation, the Administrator must comply with certain statutory compliance requirements, which may not bring any direct financial benefit to the creditors of Azure.

- 4.3 This work includes

- Notifying creditors of the Administrator's appointment and other associated formalities, including statutory advertising and filing relevant statutory notices at Companies House.
- Preparing and issuing periodic progress reports to members and creditors
- Lodging periodic returns with the Registrar of Companies for the administration
- Complying with statutory duties in respect of the Administrator's specific penalty bond
- Creation and update of case files on the firm's insolvency software
- Redirection of the Company's mail to the Administrator's office.
- Securing Azure's books and records
- Pension regulatory reporting and auto-enrolment cancellation
- Completion and filing of the notice of the Company's insolvency to HM Revenue & Customs
- Periodic case progression reviews (typically at the end of month 1 and every 6 months thereafter).
- Opening, maintaining and managing the administration estate cashbook and bank account(s)
- Dealing with all post-appointment VAT and corporation tax compliance.

##### **Realisation of assets**

- 4.4. The Administrator will seek to realise all of Azure's assets as outlined in the Director's Statement of Affairs and I would comment on the known assets of the Company as follows:

##### ***Freehold Property***

- 4.5 Azure owns a residential flat at Plymouth, which is subject to a mortgage in favour of Bath Investment & Building Society ( " BIBS " ) Realising this asset will involve the following work ( as a minimum )

- Liaising with BIBS and arranging repayment of the BIBS' mortgage.
- Instructing independent property agents to commission a formal valuation and assist with disposal.
- Liaising with the independent property agents
- Consideration of offers and negotiation
- Formalities associated with a sale of freehold property.

##### ***Book Debts***

- 4.6 The Company's book debts are subject to a factoring agreement with Factor 21, and as such any recoveries made are not generally available for the benefit of creditors.

- 4.7 That being said, I am likely to be required to complete the following work:

- Monitoring the book debt collection and liaising with Factor 21.

- Instructing an independent Quantity Surveyor, Robert Pearce Associates ("RPA"), to assist in the recovery of a large disputed debt
- If book debt collections are sufficient to repay Factor 21 in full, arrange for the debtor ledger to be reassigned back to Azure and the remaining book debts realised for the benefit of the administration estate.

### ***Chattel Assets***

- 4.8. The Company is in possession of both unencumbered assets and assets subject to finance, comprising mainly of plant and equipment and IT equipment. Realising the value ( where possible ) in the chattel assets will involve the following work ( as a minimum ):
- Instructing Lambert Smith Hampton Group ( " LSH " ) to take an inventory of the Company's chattel assets and prepare a formal valuation.
  - Liaising with LSH regarding disposal strategy.
  - Liaising with the finance companies

### ***Stock and Work in Progress***

- 4.9. LSH will also assist with the disposal of stock held by Azure and realising any value in the work in progress.

### **Creditors (claims and distributions)**

- 4.10 As Administrator, I will deal with all secured, preferential and unsecured creditor correspondence and claims as received, including any claims of creditors under retention of title. Based on the Director's Statement of Affairs, the Administrator does not think a dividend will be paid to the unsecured creditors, other than by virtue of the Prescribed Part in the event that Factor 21 does not enjoy a full recovery under its fixed charge. I will either deal with the review and adjudication of creditors' claims in the administration or in the subsequent liquidation, if and when it is determined that a dividend is to be declared to creditors.

- 4.11 It should be noted that the above is based on the Director's Statement of Affairs and the projected realisable value of the Company's assets, which at this stage is unconfirmed. I will undertake appropriate investigations into and obtain valuations of, Azure's assets and will confirm the likely return to creditors in my first progress report.

- 4.12 Other work under this category will include:

- Liaising with secured creditors, obtaining charge documents and validating the security.
- Establishing and holding periodic meetings of the creditors' committee and associated filing formalities (if a committee is appointed)
- Dealing with former employees to provide support and assistance in lodging any claims they may be entitled to make for unpaid wages, holiday pay and other statutory entitlements from the National Insurance Fund and the Company

### **Investigations**

- 4.13 As Administrator, I am required to conduct investigations into the conduct of the Director of Azure and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2 (Investigations by Office Holders in Administrations and Insolvent Liquidations).

- 4.14 The following work may not necessarily lead to any financial benefit to creditors yet is work I am required to undertake by statute:

- Initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 ( " CDDA " ), including the review of the Company's books and records

and the identification of potential further asset realisations, which may be pursued in the administration.

- Filing a statutory return to the Department for Business, Innovation and Skills under the CDDA

## 5. Administrator's Expenses

5.1 As also noted, I am required to provide creditors with details of the expenses I consider will be, or are likely to be, incurred in the administration. These may include expenses such as agent's costs for assisting in the disposal and realisation of the Company's physical assets or other routine expenses associated with an insolvency case, such as statutory advertising costs or the office holder's specific penalty bond.

5.2. Below is a summary of the expenses I consider will be, or are likely to be, incurred in this case. I will provide a further update to creditors in my subsequent progress reports.

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
<b>Category 2 disbursements charged by the firm</b>	
Business mileage	768

## 6. Harrison's Business Recovery & Insolvency ( London ) Limited's ( " Harrison's " ) Charge-out Rates and Category 2 Disbursements Policy

6.1 Attached to this document are details of Harrison's' current charge out rates and policy regarding the re-charge of Category 2 disbursements.

6.2 Category 2 disbursements 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. Any Category 2 disbursements which Harrison's proposes to charge in this case are reflected in the table of expenses above. Approval to charge these will be sought from creditors when the basis of my remuneration as Administrator is fixed.

- 6.3. It should be noted that Harrison's charge-out rates may increase periodically. If any such increases impact on the fees estimate for the administration, creditors will be notified accordingly.

## 7. Administrator's Fees Estimate

- 7.1. Below is my fees estimate for the administration. The work the Administrator anticipates undertaking in relation to this estimate has been outlined above. It is an estimate for the entire administration. If I consider this estimate will be exceeded, I will advise creditors and seek approval for my revised fees estimate as appropriate.

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
<b>Total estimated fees</b>			<b>76,500</b>