

# 2.24B

The Insolvency Act 1986

## Joint Administrators' progress report

Name of Company <b>Syncro Limited - In Administration</b>	Company number <b>03096287</b>
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In the <b>High Court of Justice, Chancery Division                  Companies Court</b> (full name of court)	Court case number <b>5310 of 2007</b>
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(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 and Lee Manning and Neville Kahn of Deloitte LLP, PO Box 810, 66 Shoe Lane, London EC4A 3WA

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

(b) Insert date

From (b) 24 January 2011	To (b) 23 July 2011
-----------------------------	------------------------

Signed *Asher Miller*  
 Joint / Administrator(s)

Dated 12/2/11

**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

Asher Miller A C A David Rubin & Partners LLP 26-28 Bedford Row London WC1R 4HE	
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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**

**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**

**18 August 2011**

**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**

**Lee Manning and Neville Kahn  
Deloitte LLP  
PO Box 810  
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- 1. Statutory information**
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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, Paul Appleton, 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 and 18 February 2011.

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 18 February 2011.

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 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.

## **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 approximately £1,529,073.
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.
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 2012 with the consent of the Court.</p> <p>As there have not been sufficient recoveries to believe that there will be any distribution to the 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 2011 to 23 July 2011 together with a cumulative Receipts and Payments account from 24 July 2007 to 23 July 2011 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 £1,529,073 from pre-appointment debtors. These recoveries include recoveries from both the Facilities Management and the Construction sides of the business



### 3.2.2 Sale of Tax Losses

The former parent company of Syncro Limited, the Co-Operative Group Limited ("the Co-Op") approached the Administrators regarding the assignment of tax losses incurred by the Company under the group-relief scheme operated by HM Revenue & Customs

When the Co-Op sold Syncro Limited in February 2006 to Hardshelfco 138 Limited, an agreement was put in place that any tax losses incurred by the Company for the 2005 tax year would be made available to the Co-Op by way of group relief at no cost to the Co-Op. The Administrators were not bound by the terms of any contractual agreement between the Co-Op and Hardshelfco 138 Limited and so entered negotiations with the Co-Op regarding the potential purchase of any applicable tax losses

Initially it had been the intention of the Administrators to seek a global settlement of the Co-Op's outstanding debtor position with the Company, together with a purchase of the tax losses. When it became apparent that the Co-Op had sought to raise considerable objections to the outstanding debtor balance allegedly owed to the Company, an agreement was reached in relation to the sale of the tax losses in order to meet lodgement deadlines.

The Administrators negotiated an agreement with the Co-Op regarding the purchase of tax losses incurred by the Company for the 2005 fiscal year. The agreement allows for a payment of up to 35% of the net value of the tax losses which are claimed from and allowed by HM Revenue and Customs. On the basis of the HMRC accepting the Co-Op's original claim of approximately £900,000 in full, a total of £319,194 was due to the Company from the sale of the tax losses.

A non-refundable deposit of £180,000 was received from the Co-Op in respect of the final settlement as outlined above on signing the agreement. Had HM Revenue and Customs disallowed the tax loss claim by the Co-Op then the non-refundable deposit would have been entitled to be applied against debtor monies outstanding by the Co-Op

The Joint Administrators have recovered the balance of the monies due from the Co-Op in this regard bringing the total recovery to £319,194.

### 3.2.3 Refund of Holiday Stamps

As at appointment, the Company contributed to a "Holiday Stamp" scheme on behalf of its employees. When the Company entered Administration the employees became entitled to claim against the Redundancy Payments Office for any outstanding holiday pay, notice and redundancy pay. Accordingly, all monies outstanding in respect of holiday stamps prior to the appointment of the Administrators were refunded to the Company

### 3.2.4 Sale of Business

Immediately upon appointment, negotiations were entered into with Syncro Capital Limited (a related company by virtue of common directors with Syncro Limited) to purchase the Facilities Management division. During the negotiations, it was agreed that Syncro Capital Limited would fund the ongoing wages and salaries of the relevant staff, and would fund any costs necessary to maintain the business as a going concern. No other significant interest was received to purchase the business

Following protracted negotiations, a sale of the Facilities Management division to Syncro Capital Limited was concluded on 15 August 2007 for £101,025. The sum was in addition to the funding of the division during the period of the Administration, which was in the order of £180,000. A further term of the sale agreement was that Syncro Facilities Services Limited, Syncro Facilities Management Limited and Navitas Hemway would waive any claim in the Administration. According to the Company records, this amounts to a reduction in unsecured creditor claims in the order of £940,000.

### 3.2.5 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 this basis, if the IVA payments are made in full then we can expect to recover a further £139,175 from Mr Maxwell over the next 15 months.

### 3.2.6 Rate Refunds

Represents refunds in respect of rates and insurances paid to the Company following appointment. £758.20 has been received in the period.

### 3.2.7 Interest

Represents interest received in respect of the Administrators' bank accounts post appointment. In this period interest of £45.78 has been received.

## **Payments**

### 3.2.8 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 adjustors and electricians.

### 3 2 9 Travel & Accommodation Expenses

Represents costs associated with travel and accommodation at the Company's head office and satellite offices as required for trading, meetings with clients of the company, creditors and outstanding debtors.

### 3.2 10 Cleaning Expenses

Represents the cost of cleaning incurred at the Company's Manchester and Newcastle offices

### 3.2 11 Rent

Represents costs associated with the maintenance of the Company's offices in Manchester, Newcastle, Glasgow and Bristol for the period between the appointment of the Administrators and the sale of the business on 15 August 2007.

### 3 2.12 Specific Bond

The specific bond is the cost of insurance, based on the level of realisations by the administrator, as required by the Insolvency Practitioners Regulations 2005

### 3.2 13 Statutory Advertising

This represents the costs for the publishing of statutory advertising in newspapers and the London Gazette in respect of the appointment of Administrators and of the First Meeting of Creditors.

### 3.2.14 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.

### 3.2.15 Stationery

Relates to costs associated with the printing and mailing of the Administrators' first report to creditors dated 17 September 2007.

### 3.2.16 Mail Redirection

Represents costs associated with the redirection of mail from the Company's head office and satellite offices in Glasgow, Newcastle and Bristol

### 3.2.17 Wages and Salaries

On appointment the Administrators sought to clarify the position in respect of the employees of Syncro Limited, in particular which staff were allocated to which divisions. This matter was considerably complicated due to the poor state of the Company's record keeping as at appointment, and the fact that construction employees were being paid by Syncro Limited, despite the fact that all employment records indicated that they were employees of a subsidiary company, RMD Syncro Limited

In endeavouring to realise the assets of the Company, the Administrators continued to employ staff associated with the Facilities Management division of the business, and those associated with head office functions (accounting, debt collection and personnel). These employees continued to be employed by Syncro Limited until the sale on 15 August 2007 to Syncro Capital Limited. At the time of the sale, the Administrators sought and were provided indemnities by the purchaser in respect to the payment of wages for staff associated with the Facilities Management division of the Company which was acquired by Syncro Capital Limited

The Administrators continued to employ head office staff not included in the sale to Syncro Capital Limited until the end of September 2007. These staff assisted the Administrators with the collation of information in relation to debtors, creditors and employees

### 3.2.18 Bank Charges

This amount represents the bank charges associated with the collection of the Administration trading sales

### 3.2.19 Corporation Tax

Corporation tax was due on interest received post administration and the amount shown in the receipts and payments account represents tax paid to HM Revenue & Customs. £37,80 has been paid in the period relating to the tax liability for the year ended 23 July 2010

### 3.2.20 Insurance

This amount represents the costs of the premium in respect of the statutory employers' liability insurance.

## **3.3 Estimated future realisations**

### 3.3.1 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.

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.

The Quantity Surveyor, instructed by the Joint Administrators is currently reviewing the extensive records held in a storage facility

(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.

The Administrators are currently engaged in negotiations with Gleneagles in order to obtain settlement in respect of monies due from the construction project. In September 2009, the Administrators and their lawyers were involved in 'without prejudice' negotiations with Gleneagles and their lawyers. The Joint Administrators were attempting to instruct new lawyers to progress this matter further. We therefore sought the advice of a construction lawyer. Based on information received, I concluded that it would be uneconomical and not in the creditors' interest to pursue this matter further.

(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 on 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 the Quantity Surveyor, instructed by the Joint Administrators is currently reviewing the files and good progress is now being made.

### **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 Asset 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.

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 2012 with the consent of the Court.

## **5.2 Investigations**

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.

## **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.

## **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 2011 are summarised in the table below. A detailed analysis of the time spent by work function for both firms is attached at Appendix 3.

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](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.

Classification of work function	Partners and Directors	Managers and Senior Mangers	Administrators and Senior Administrators	Cashiers	Total Hours	Time Cost £	Average Hourly Rate £
Administration and planning	162 12	594 06	979 54	61 42	1,797 54	477,129 00	265 38
Investigations	124 12	186 00	52 18	00 06	362 36	154,518 10	426 14
Realisation of assets	354 42	704 54	173 54	00 00	1,233 30	401,956 50	325 86
Creditors	49 00	520 18	398 36	00 30	968 24	234,055 90	241 69
Trading	17 06	548 06	27 30	00 00	592 42	155,246 80	261 93
	<u>707 12</u>	<u>2,553 24</u>	<u>1,632 12</u>	<u>62 18</u>	<u>4,955 06</u>	<u>1,422,896 30</u>	<u>287 16</u>

**Administration and Planning** includes case planning, case set-up, notification of appointment, maintenance of our case files and insolvency case record, statutory reporting, compliance and accounting

**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 identifying, securing and insuring assets, sale of business, transition of contracts, property issues, disposal of stocks, collection of debts, realisation of other fixed assets and VAT and taxation matters.

**Creditors** includes set-up of creditor records, creditor communications, preferential claims, secured and employee claims

**Trading** includes planning, identifying strategy, preparation of trading forecasts, monitoring of performance against the forecasts, managing operations, dealing with supplier and landlord issues to ensure continuity of operations, accounting and employees (including pensions and other staff benefits).

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. This summary should be read in conjunction with the attached report and explanatory notes.

## 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.

A handwritten signature in black ink, appearing to read 'Asher Miller', with a long, sweeping flourish extending to the right.

**ASHER MILLER – JOINT ADMINISTRATOR**  
18 August 2011

**SYNCRO LIMITED  
(IN ADMINISTRATION)****STATUTORY INFORMATION**

<b>Company name</b>	Syncro Limited
<b>Previous names</b>	CWS Engineering Services Ltd
<b>Company number</b>	03096287
<b>Date of incorporation</b>	23 August 1995
<b>Registered office</b>	Pearl Assurance House, 319 Ballards Lane, London N12 8LY
<b>Ordinary issued and called up share capital</b>	
Authorised Ordinary shares of £1 each Allotted, called up and fully paid	10,703,000
<b>Shareholder</b>	Syncro Group Limited
<b>Directors</b>	David Dawson and Kevin Francis Herbert Maxwell
<b>Company secretary</b>	Keith Andrew Knight
<b>Bankers</b>	Co-Operative Bank plc

**SYNCRO LIMITED - IN ADMINISTRATION**  
**JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT**  
**FROM 24 JULY 2007 TO 23 JULY 2011**

	<u>Realised</u>	<u>24/01/2011</u>
	<u>to-date</u>	<u>to</u>
	£	£
<b><u>Balance brought forward</u></b>		237,097 51
<b><u>Receipts</u></b>		
Debtor Recoveries	1,529,073 03	
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	758 20
Wragge & Co LLP	10 00	
Interest	10,940 99	45 78
	<u>2,513,574 36</u>	<u>237,901 49</u>
<b><u>Payments</u></b>		
Professional Fees	80,950 88	
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	
Carrage, Storage & Archiving	16,269 06	(0 03)
Legal Fees	104,118 46	11,780 01
Stationery	477 24	
Mail Redirection	188.80	
Wages & Salaries	68,269 22	
Bank Charges	1,838 50	
Corporation Tax	2,515 98	37.80
Insurance	159 00	159 00
Administrators' Fees and Disbursements	865,980 16	
Distribution to Secured Creditor	1,117,520 60	
	<u>2,287,649 65</u>	<u>11,976 78</u>
<b>Balance in Hand</b>	<u><u>225,924.71</u></u>	<u><u>225,924.71</u></u>
<b>Represented by:-</b>		
Balance at bank	225,180 96	
Funds held by lawyers	0 00	
VAT Recoverable	743 75	
	<u>225,924.71</u>	

SYNCR0 LIMITED - IN ADMINISTRATION							
JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD 24 JULY 2007 TO 23 JULY 2011							
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	79 24	349 54	851 00	61 42	1342 00	316 291 50	235 69
Investigations	45 00	100 48	52 18	00 06	198 12	66 276 50	334 39
Realisations of assets	304 12	652 06	173 54	00 00	1130 12	355,768 50	314 78
Creditors	43 00	170 48	396 12	00 30	610 30	136 767 00	224 02
Trading	02 06	345 00	00 30	00 00	347 36	88 607 50	254 91
<b>Total hours and costs</b>	<b>473 42</b>	<b>1618 36</b>	<b>1473 54</b>	<b>62 18</b>	<b>3628 30</b>	<b>963,711 00</b>	<b>265 59</b>

The above headings include *inter alia*

**Administration and Planning**

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

**Realisation of Assets**

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

**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

**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 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 JULY 2011						
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	82 48	244 12	128 54	455 54	160,837 50	352 79
Investigations	79 12	85 12	00 00	164 24	88,241 60	536 75
Realisations of assets	50 30	52 48	00 00	103 18	46 178 00	447 03
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
<b>Total hours and costs</b>	<b>233 30</b>	<b>934 48</b>	<b>158 18</b>	<b>1326 36</b>	<b>459 185 30</b>	<b>346 14</b>

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

#### 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.