

IN THE HIGH COURT OF JUSTICE

NO 5310 OF 2007

IN THE MATTER OF

SYNCRO LIMITED - IN ADMINISTRATION

AND

THE INSOLVENCY ACT 1986

**THE JOINT ADMINISTRATORS' FINAL PROGRESS REPORT
PURSUANT TO RULE 2.110 OF THE INSOLVENCY RULES 1986
FOR THE PERIOD 24 JULY 2007 TO 23 JANUARY 2014**

SYNCRO LIMITED – IN ADMINISTRATION
JOINT ADMINISTRATORS' FINAL PROGRESS REPORT
PERSUANT TO RULE 2.110 OF THE INSOLVENCY RULES 1986
FOR THE PERIOD 24 JULY 2007 TO 23 JANUARY 2014

Introduction

I refer to the appointment of Paul Appleton and myself of David Rubin & Partners LLP together with Neville Kahn and Lee Manning of Deloitte LLP as Joint Administrators of Syncro Limited pursuant to an application filed at the High Court of Justice, Chancery Division. The purpose of the Administration has been sufficiently achieved and as the Company has no further property, I am pleased to provide creditors with my final progress report as required by Rule 2.110 of the Insolvency Rules 1986. This report should be read in conjunction with the Joint Administrators' last progress report to creditors dated 8 August 2013 and to the earlier report presented at the Creditors Meeting on 1 October 2007 which outlined the proposals for the Administration.

Rule 2.110: Final Progress Report

- (a) **Court:**
Reference Number: 5310 of 2007
- (b) **Company name:** Syncro Limited
Company number: 03096287
Registered office: Pearl Assurance House, 319 Ballards Lane, London, N12 8LY
- (c) **Administrators' names and address:**

Asher Miller and Paul Appleton of David Rubin & Partners LLP, 26-28 Bedford Row, London WC1R 4HE and Neville Kahn and Lee Manning of Deloitte LLP, PO Box 810, 66 Shoe Lane, London EC4A 3WA were appointed Joint Administrators of the Company by Ascada Management Limited, of 88 Crawford Street, London, W1H 2EJ, the registered fixed and floating charge holder, on 24 July 2007, pursuant to paragraph 14 of Schedule B1 to the Insolvency Act 1986.

The Joint Administrators acted jointly and severally in the exercise of any and all functions exercisable by an administrator appointed under the provisions of Schedule B1 of the Insolvency Act 1986.

Once the investigations had reached a conclusion, both Neville Kahn and Lee Manning of Deloitte LLP, whose primary responsibility was to deal with these matters, gave notice to Cable Finance Limited that they wished to resign as Joint Administrators.

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

- (d) **Details of any extensions to the initial period of appointment:**

The Joint Administrators were granted extensions of their term by the secured creditor under paragraph 76(2)(b) of Schedule B1 of the Act and later by the Court under paragraph 76(2)(a) of Schedule B1 of the Act.

As negotiations in relation to the collection of debt on the construction ledger of the Company were extremely time consuming and protracted, the Administrators were forced to seek a number of further approvals of the Court for extensions of their term under paragraph 76(2)(a) of schedule B1 of the Act. The most recent application saw the Administration of the Company extended until 23 January 2014, with the consent of the Court.

(da) Basis of Administrators' remuneration

The Joint Administrators' remuneration is fixed by reference to time spent in attending to matters arising in the Administration. A detailed explanation is provided at Appendix 1.

(db) Statement of remuneration charged and description of work undertaken

A detailed explanation is provided at Appendix 1.

(dc) Statement of expenses incurred during reporting period

A detailed explanation is provided at Appendix 1.

(e) Details of progress for the period under review:

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 collected monies from the debts due to the Company through negotiation with the Company's Facilities Management and Construction clients.
2)	As noted above, the Administrators realised the outstanding debtors of the business and debtor realisations totalled £2,371,816.05.
3)	We have completed our investigations regarding the conduct of the Directors, pursuant to the Company Directors Disqualification Act 1986. Creditors should be aware that our investigations and report to the Secretary of State is confidential. However, this matter has now been resolved and further details are given in section 3 of Appendix 1.
4) & 5)	The only class of creditor to whom distributions have been made is the secured creditor under its fixed charge as insufficient funds were realised in order to allow for a distribution to either preferential or unsecured 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 £1,644,598.35 on account of their fees and expenses.
7)	Not applicable as yet.
8)	The Joint Administrators have previously applied for and been granted extensions of their term by the secured creditor under paragraph 76(2)(b) of Schedule B1 of the Act and by the Court under paragraph 76(2)(a) of Schedule B1 of the Act.

	<p>Taking into account the ongoing work in relation to the collection of outstanding debts of the Company, it became necessary for the Joint Administrators to apply again to court for further extensions pursuant to paragraph 76(2)(a) of schedule B1 of the Act. The most recent application was heard on 22 January 2013 at which the Administration of the Company was extended until 23 January 2014, with the consent of the Court.</p> <p>As there have not been sufficient recoveries to believe that there will be any distribution to any potential preferential creditors at this stage, the Joint Administrators have not been required to seek their consent to the extension.</p>
9) to 11)	Not applicable as yet

A summary of our receipts and payments from the date of our appointment to the date of this report is attached as Appendix 2, split between trading and other receipts and payments, which is further explained below.

1. Receipts

1.1 Debtor Recoveries

The Administrators have recovered a total of £2,371,816.05 from pre-appointment debtors, which is significantly higher than originally estimated. These recoveries include recoveries from both the Facilities Management and the Construction sides of the business.

The Administrators initially instructed the services of Concord Consulting ("Concord"), as they had previous working knowledge of the Company debtors. However, as realisations were lower than expected, the Joint Administrators instructed specialist insolvency surveyors, Acasta Consulting Limited ("Acasta"), to assist in the collection of the Company's remaining debtor ledger.

They advised that whilst contracts provided for automatic termination of the Company contracts as a result of their entering into Administration,

The Co-Operative Group

One of the Company's largest debtors was the Co-operative Group ("Co-Op"), which disputed payment of the debt, as the contracts provided for automatic termination as a result of the Company entering into Administration.

However, it was established that the rights and remedies of the contract in respect of payment for work satisfactorily completed endures, and Acasta assessed that a sum of £541,447.72 remained outstanding according to the Company's original ledger, although Co-Op asserted a substantial counter claim.

In order to agree a settlement with the Co-Op for the amount due, the Administrators instructed solicitors to advise on our position and to make contact with the Co-Op legal representatives.

Following various negotiations between all parties, a full and final settlement was agreed in the sum of £512,500 on 26 July 2013.

Other Debtors

Over their time in office, the Administrators and their agents had extensive correspondence with debtors in relation to the outstanding balances on both the Construction and Facilities Management ledgers. It is apparent that delays associated with waiting for the dates of retention releases and estimations of costs to complete/snagging required, delayed the conclusion of a number of debtor claims. In respect of the remaining balances outstanding on the Facilities Management ledger, discussions and negotiations continued in respect to warranties provided by the Company on work done. Where appropriate the Administrators sought legal advice and commenced formal mediation procedures in order to reach satisfactory conclusions with outstanding debtors.

This proved extremely difficult as the input of the original Quantity Surveyor, Concord, was required before instructing lawyers and for a period of time Concord, who were very familiar with the file were unavailable.

Acasta continued with the collection of the Company's outstanding contract accounts and progressing agreement on the remaining contracts, where over £2.5M alone of book value existed at the date of the Company's insolvency.

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

This, coupled with the difficulty in collating and assessing the Company's records, delayed the collection process significantly. This resulted in problems not only in finding and contacting the people responsible in the various debtor organisations for these aged contracts, but also in situations where debtors have queried the contract particulars. Acasta have then had to provide them with further details of formal contract agreements, purchase order numbers, valuation certificates and other contract certification and documentation where necessary. Nevertheless, total recoveries of £2,371,716.05 from both ledgers, significantly exceeds the original estimated to realise figure.

Despite Acasta's extensive and protracted efforts in collecting the Gleneagles debt and the other remaining construction book debts, it has now become uneconomical to pursue any further action as the likelihood of success is low, given the nature of the disputes received and the fact that under the Limitation Act 1980, most of the debts are now statute barred. In view of this, the Administrators sought to recover some value and an assignment of the remaining book debt ledger was agreed with Acasta for the sum of £100.

1.2 Settlement of debt

The sum of £596,257.66 had 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 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 was 15 months and it anticipated a dividend to 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, the Joint Administrators 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 and our petitioning costs were repaid during this reporting period, in the sum of £6,000.

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

On 30 May 2013 a dividend of 4.83p in the £ was declared by the Supervisor of Mr Maxwell's IVA and the total of £84,315.55 was received as full and final settlement.

1.3 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 solely in relation to the sale of the tax losses in order to meet lodgement deadlines.

1.4 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.

1.5 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. 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.

1.6 Sundry Refunds

Represents refunds in respect of rates and insurances and other sundry refunds paid to the Company following appointment.

1.7 Interest

This represents interest received in respect of the Administrators' bank accounts post appointment. In this period interest of £11,434.06 has been received.

2. Payments

2.1 Professional Fees

Represents payments to parties who have provided assistance to the Administrators in relation to the collection of outstanding pre-appointment debts, including quantity surveyors, claims adjusters and electricians.

2.2 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.

2.3 Cleaning Expenses

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

2.4 Rent & Rates

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.

2.5 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 1990.

2.6 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.

2.7 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.

Over the course of the Administration there have been approximately 925 boxes in storage.

2.8 Stationery

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

2.9 Mail Redirection

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

2.10 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~~

2.11 Bank Charges

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

2.12 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

2.13 Legal Fees

This represents payments to various parties, who have provided legal advice to the Administrators, in relation to various book debts queries and legal actions taken against the Directors

2.14 Insurance of Assets

This represents the cost associated with insuring the Company's assets prior to their sale

(f) Details of any assets that remain to be realised

I have now realised all remaining assets and as detailed above, the remaining disputed book debts were assigned to Acasta. Therefore, I have concluded my administration of this matter and will proceed to apply for the dissolution of the Company.

(g) Any other relevant information:

(i)(a) Secured creditors

The total claim of the secured creditor amounts to approximately £1.3 million under the provisions of their fixed and floating charge registered at Companies House on 22 February 2006 and held by Cable Finance Limited.

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. To date, the Administrators have reconciled and distributed £1,214,020.60 in respect of fixed charge realisations.

(b) Prescribed Part

Section 176A of the Insolvency Act 1986 provides for a prescribed part of the Company's net property to be retained from distribution to the floating charge holder, where the debenture was created on or after 15 September 2003 and made available for the satisfaction of unsecured debts.

Accordingly, this regulation does not apply as Cable Finance Limited were not paid in full under their fixed charge and there are no further funds available to enable any distribution to the floating charge holder or to unsecured creditors.

(ii) Preferential creditors

No finalised preferential claim was received from the Redundancy Payments Office as there were insufficient floating charge realisations to enable a distribution to preferential creditors.

(iii) Unsecured creditors

There are approximately 1,300 unsecured creditors and to date the Administrators have received claims from 477 creditors in the sum of £6,583,639, compared to the Statement of Affairs balance of £4,456,703.

Unfortunately, there have been insufficient realisations to enable a distribution to unsecured creditors.

Rule 2.110(2)

a) I set out in my report dated 17 September 2007, the Joint Administrators Proposals and these are reproduced below:-

The Administrators' proposals to achieve a better result for the creditors as a whole than would be likely if it was wound up 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 & Touche 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

(b) Any major amendments to, or deviations from, those Proposals

There has been no major deviation from the proposals set out above

(c)&

(d) The steps taken during the Administration and Outcome

The steps taken during the Administrations are as set out in the Progress Report section above

Conclusion

The Joint Administrators have distributed such assets to the secured creditor as they have been able to. The Company has no remaining property which might permit a further distribution to its creditors. Accordingly a Notice of move from Administration to dissolution has been filed with the Registrar of Companies pursuant to Paragraph 84(1)

I trust you will find this report adequate for your purposes but should you require any further information, please do not hesitate to contact in the first instance either my Senior Manager, Yin Lee, or her assistant, Robert Cook at this office



ASHER MILLER - JOINT ADMINISTRATOR

DATE: 23/01/14

APPENDIX 1

JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES

1. Joint Administrators' Remuneration

David Rubin & Partners LLP's time costs for the period of the Administration are £1,393,305 50. This represents 4,837 14 hours at an average rate of £288 04 per hour. A breakdown of our time charges is set out in Appendix 3.

In addition to my time costs detailed above, I can advise that the time costs incurred by the Joint Administrators from Deloitte LLP and their staff, for the period 24 July 2007 to 2 December 2011, amount to £476,119 80 for 1,355 hours, which equates to an average cost of £351 38 per hour. A breakdown of these time charges is also set out in Appendix 3.

The cumulative time costs for the Administration of both firms are £1,869,425 30 for 6,192 14 hours, which equates to an average cost of £301 90 per hour.

1.1 *Staff allocation and the use of subcontractors*

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The constitution of the case team will usually consist of a Partner, Manager, Senior Administrator and two Administrators. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and additional staff may be allocated to meet the demands of the case.

We have not utilised the services of any subcontractors in this case.

1.2 *Basis of Joint Administrators' Remuneration*

Creditors may recall that at the meeting of creditors on 10 October 2007 to discuss the Joint Administrators' proposals, a resolution was passed to fix the Joint Administrators' remuneration by reference to the time given by the Joint Administrators and the various grades of their staff according to their firm's usual charge out rates in attending to matters arising in the administration, and further the Joint Administrators were authorised to draw category 2 disbursements and be entitled to draw sums on account of their remuneration and disbursements as and when funds permit.

In accordance with these resolutions, we have drawn fees of £1,644,598 35 plus VAT.

2. Chargeout rates

In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), I would advise that my firm's current hourly chargeout rates applicable to this appointment are detailed in Appendix 3, which is charged in units of 6 minutes, exclusive of VAT.

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. There has been no material increase in rates in this assignment.

3. Case overview

Following an initial assessment of the business, discussions with senior management and a review of the contracts in progress, the Administrators took the decision to close the Construction division as all the contracts contained termination clauses on the appointment of Administrators, and the cost commitment required to complete the contracts was too onerous to consider negotiating to continue any work which would have led to a reduction in value for creditors

The Facilities Management division was operated at a minimal level for a short period with any costs of trading and employee costs being incurred by the prospective purchasers of the business. This was in order to maximise the value of the division and increase book debt realisations by maintaining ongoing relationships with the customers

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. 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

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

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

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

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

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

The Insolvency Service said as a result of Messrs Maxwell and Dawson's failure to maintain or preserve accounting records, it was not possible to ascertain the purposes of six further

payments totalling £375,875 which were also made by the Company Five of the six payments totalling £304,875 were made while Mr MacLean was a director

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

I have then proceeded to finalise the collection of the remaining assets, which have been reported in detail above

4 **Issues affecting costs**

The eventual and successful sale of assets was only achieved after intense periods of negotiations with interested parties and the eventual purchaser Due to the complex nature of these negotiations, a high level of partner and senior manager involvement was required with this part of the assignment

In addition to the above functions, other work undertaken to date are the following -

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

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

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

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

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

All partners and technical staff (including cashiers) assigned to the case record their time spent working on the case on a computerised time recording system Time spent by secretarial staff working on the assignment has not been recorded or recovered The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed

To view an explanatory note concerning Administrators' remuneration issued by the Joint Insolvency Committee, it is available for download at

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

Alternatively, please contact this office to arrange for a copy to be sent to you

5. Administrator's expenses

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

6. 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.

SYNCR0 LIMITED - IN ADMINISTRATION						
JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD 24 JULY 2007 TO 2 DECEMBER 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	92 30	253 24	133 12	479 06	174,730 00	364 70
Investigations	79 12	85 12	00 00	164 24	88,241 60	536 75
Realisations of assets	50 30	58 00	00 00	108 30	49,220 00	453 64
Creditors	06 00	349 30	02 24	357 54	97,288 90	271 83
Trading	15 00	203 06	27 00	245 06	66,639 30	271 89
Total hours and costs	243 12	949 12	162 36	1355 00	476,119 80	351 38

The above headings include *inter alia*

Administration and Planning

case planning
appointment notification
maintenance of records
statutory reporting and compliance

Realisation of Assets

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

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.

SYNCRO LIMITED - IN ADMINISTRATION							
JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD 24 JULY 2007 TO 23 JANUARY 2014							
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	121 36	448 18	1194 00	85 18	1849 12	467,927 50	253 04
Investigations	45 30	100 48	53 24	00 06	199 48	66 808 50	334 38
Realisations of assets	371 36	984 18	419 44	00 00	1775 38	609,061 00	343 01
Creditors	60 54	182 24	421 12	00 30	665 00	160,901 00	241 96
Trading	02 06	345 00	00 30	00 00	347 36	88,607 50	254 91
Total hours and costs	601 42	2060 48	2088 50	85 54	4837 14	1 393 305 50	288 04

The above headings include *inter alia*

Administration and Planning

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

Investigations

SIP2 review
 reports pursuant to Company Directors Disqualification Act 1986
 investigating antecedent transactions

Realisation of Assets

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

Creditors

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

Chargeout rates

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

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

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

Direct expenses ("Category 1 disbursements")

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

Indirect expenses ("Category 2 disbursements")

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

Postage and stationery circulars to creditors

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

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

Storage and Archiving

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

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

SYNCRO LIMITED - IN ADMINISTRATION
JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT
FROM 24 JULY 2007 TO 23 JANUARY 2014

	<u>Estimated</u> <u>to</u> <u>Realise</u> £	<u>Realised</u> <u>to-date</u> £	<u>24/07/2013</u> <u>to</u> <u>23/01/2014</u> £
<u>Balance brought forward</u>			516,807 22
<u>Receipts</u>			
Fixed Assets	10,000	-	
Cash at bank	5,000	-	
Debtor Recoveries	<u>1,500,000</u>	2,371,816 05	553,769 38
Settlement of Debt		596,257 66	
Refund of Petitioning costs		6,000 00	
Sale of Tax Losses		319,194 00	
Refund of Holiday Stamps		33,620 11	
Sale of Business		101,025 00	
Sundry Refunds		7,779 12	
Interest		11,434 06	236 89
		<u>3,447,126 00</u>	<u>1,070,813 49</u>
<u>Payments</u>			
Professional Fees		284,021 97	135,493 25
Travel & Accommodation Expenses		17,394 00	
Cleaning Expenses		1,970 00	
Rent & Rates		9,138 55	
Specific Bond		456 00	
Statutory Advertising		403 20	
Carriage, Storage & Archiving		46,875 83	25,559 50
Stationery		15,687 24	15,210 00
Mail Redirection		188 80	
Wages & Salaries		68,269 22	
Bank Charges		1,868 50	15 00
Corporation Tax		2,664 33	90 55
Legal Fees		138,666 66	15,827 00
Insurance of Assets		159 00	
VAT		743 75	
Administrators' Fees and Disbursements		1,644,598 35	778,618 19
Distribution to Secured Creditor		1,214,020 60	100,000 00
		<u>3,447,126 00</u>	<u>1,070,813 49</u>
Balance in Hand		<u><u>0 00</u></u>	<u><u>0.00</u></u>