

# AM10

## Notice of administrator's progress report



Companies House

MONDAY



A08 \*A7HMI195\* 29/10/2018 #198  
COMPANIES HOUSE

### 1 Company details

Company number 0 2 7 6 2 1 4 4

Company name in full Cover Structure Ltd

→ Filling in this form  
Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Simon

Surname Weir

### 3 Administrator's address

Building name/number Ashfield House

Street Illingworth Street

Post town Ossett

County/Region West Yorkshire

Postcode W F 5 8 A L

Country

### 4 Administrator's name ①

Full forename(s)

Surname

① Other administrator  
Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number

Street

Post town

County/Region

Postcode

Country

② Other administrator  
Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

From date	<sup>d</sup> 2	<sup>d</sup> 8	<sup>m</sup> 0	<sup>m</sup> 3	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 8
To date	<sup>d</sup> 2	<sup>d</sup> 7	<sup>m</sup> 0	<sup>m</sup> 9	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 8

### 7 Progress report

☐ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X

*[Handwritten Signature]*

X

Signature date

<sup>d</sup> 2	<sup>d</sup> 5	<sup>m</sup> 1	<sup>m</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 8
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# AM10

## Notice of administrator's progress report



### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Dominic Riordan
Company name	DS Insolvency Limited
Address	Ashfield House
	Illingworth Street
Post town	Ossett
County/Region	West Yorkshire
Postcode	W F 5 8 A L
Country	
DX	
Telephone	



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



### Important information

All information on this form will appear on the public record.



### Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

**Cover Structure Ltd  
(In Administration)**

**Administrator's Summary of Receipts and Payments  
To 27 September 2018**

<b>RECEIPTS</b>	<b>Statement of Affairs (£)</b>	<b>Total (£)</b>
CNC 400 Guillotine	22,000.00	0.00
2xJorns 6mtr	70,000.00	0.00
VW Crafter Dropside Truck	6,500.00	0.00
Furniture & Equipment	700.00	0.00
Motor Vehicles x4	31,500.00	40,000.00
Applications & Retentions	100,000.00	18,572.40
PI Claim Settlement	50,000.00	49,131.69
Directors Loan Account	Uncertain	27,000.00
Coloured Metal Profiles Ltd - in Admin	Uncertain	0.00
Cash at Bank	642.64	0.00
Rent refund		665.00
Cash in Hand	25,000.00	25,000.00
DVLA refund		177.91
Insurance Refund	250.00	250.00
Apprenticeship scheme r/f		450.00
		<hr/>
		161,247.00
		<hr/>
<b>PAYMENTS</b>		
Labour		2,800.00
Vehicle Repair		538.99
HSBC Equipment Finance	(39,645.00)	0.00
HSBC Equipment Finance	(171,446.00)	0.00
VW Finance	(2,681.00)	0.00
Specific Bond		1,360.00
Accountancy Fees		2,500.00
Counsel Fees		1,400.00
Legal Fees (Pre Appointment)		2,514.00
Court fees & Legal Expenses		62.00
Agents/Valuers Fees (Pre Appointment)		3,000.00
Agents/Valuers Fees (Post Appointment)		2,800.00
Legal Fees (post appointment)		20,056.70
QS fees		4,643.10
Brokers/QS Commission re insurance claim		14,739.50
Storage Costs		300.00
Insurance of Assets		2,211.98
Employee Arrears/Hol Pay	(49,167.38)	0.00
Mr F Quinlan	(272,315.00)	0.00
Trade & Expense Creditors	(9,006,004.76)	0.00
Employees	(130,000.00)	0.00
Pension Scheme	(32,578.00)	0.00
PAYE	(257,505.98)	0.00
VAT	(17,193.06)	0.00
Ordinary Shareholders	(10,000.00)	0.00
		<hr/>
		58,926.27
		<hr/>
Net Receipts/(Payments)		102,320.73
		<hr/>

**Cover Structure Ltd  
(In Administration)**

**Administrator's Summary of Receipts and Payments  
To 27 September 2018**

MADE UP AS FOLLOWS

Bank 1 Current	99,361.03
VAT Receivable / (Payable)	2,959.70

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102,320.73

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Simon Weir  
Administrator

**COVER STRUCTURE LTD  
(IN ADMINISTRATION)  
("the Company")**

**HIGH COURT OF JUSTICE, Business and Property Courts in Leeds 262 of 2018**

**The Administrator's First Progress Report in Accordance with  
Rule 18.6 of the Insolvency Rules 2016**

**25 October 2018**

**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 updating them for information purposes, or by any other person for any purpose whatsoever.**

**Simon Weir of DSI Business Recovery was appointed Administrator of COVER STRUCTURE Ltd on 28 March 2018. The affairs, business and property of the Company are managed by the Administrator. The Administrator acts as agent of the Company and contracts without personal liability.**

**Simon Weir is licensed in the UK to act as an Insolvency Practitioner.**

**DS Insolvency Ltd t/a DSi Business Recovery  
Ashfield House  
Illingworth Street  
Ossett  
West Yorkshire  
WF5 8AL  
[info@dsinsol.com](mailto:info@dsinsol.com)**

<b>1.</b>	<b>INTRODUCTION</b>	<b>2</b>
<b>2.</b>	<b>THE PROGRESS OF THE ADMINISTRATION</b>	<b>4</b>
<b>3.</b>	<b>CREDITORS: CLAIMS AND DISTRIBUTIONS</b>	<b>8</b>
<b>4.</b>	<b>OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS</b>	<b>10</b>
<b>5.</b>	<b>PRE-ADMINISTRATION COSTS</b>	<b>11</b>
<b>6.</b>	<b>THE ADMINISTRATOR'S FEES AND EXPENSES</b>	<b>12</b>

#### **APPENDICES**

- 1. Statutory information**
  - 2. The Administrator's receipts and payments account as at 27 September 2018**
  - 3. The Administrator's estimated outcome statement as at 27 September 2018**
  - 4. Time Cost Summary as at 27 September 2018**
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## ABBREVIATIONS

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

"the Act"	Insolvency Act 1986
"the Rules"	Insolvency Rules 2016
"the Administrator"	Simon Weir of DSi Business Recovery
"the Company"	COVER STRUCTURE Ltd (in Administration)
"the Court"	HIGH COURT OF JUSTICE, Business and Property Courts in Leeds 262 of 2018
"EOS"	Estimated Outcome Statement
"SIP"	Statement of Insolvency Practice (England & Wales)
"Review Period"	Period covered by the report from 28 March 2018 to 27 September 2018



## 1. INTRODUCTION

This report has been prepared to provide creditors with an update on the progress of the Administration of the Company since my appointment as Administrator on 28 March 2018 in accordance with the requirements of Rule 18.6 of the Insolvency Rules 2016.

Given the information previously provided to creditors in the Proposals circulated on 17 May 2018, I have not included detailed background information in respect of the Company.

As advised in my report to Creditors of 10 July 2018, the Administrator's proposals were rejected at the adjourned meeting of creditors on 26 June 2018. I circulated the Administrator's Proposals to creditors on 17 May 2018, a copy of which is available at [www.dsinsol.com](http://www.dsinsol.com). A requisite majority of unsecured creditors requested a physical meeting to consider the Administrator's Proposals which was held on 15 June 2018. That meeting was adjourned to 26 June 2018.

Whilst the majority of the Company's creditors voted to approve the Administrator's Proposals, those creditors also proposed amended resolutions. The key resolutions were as follows.

Firstly that the Administration move to Creditor's Voluntary Liquidation ("CVL") by 31 July 2018 pursuant to paragraph 83 of Schedule B1 of the Act and that Claire Elizabeth Dowson of Begbies Traynor (SY) LLP and John Paul Sugden of Auker Rhodes be appointed as the joint liquidators of the Company. Secondly, that the Administrator's fees be capped at £45,000 and legal fees.

The Administrator's Proposals contained a statement pursuant to paragraph 52 of Schedule B1 of the Act that there will not be a distribution to the unsecured creditors other than by virtue of the prescribed part (section 176A(2)(a) of the Act).

Having taken legal advice, I did not believe that I was able to move the Company into CVL pursuant to paragraph 83 of Schedule B1 of the Act by 31 July 2018 as the total amount which each secured creditor of the Company was likely to receive had not been paid to him nor set aside for him (paragraph 83(1)(a)).

It is currently uncertain as to when sufficient asset realisations will be made to pay the secured creditor or set aside sufficient funds to do so.

It was made clear to creditors at the initial meeting of creditors and the adjourned meeting of creditors that I had no objection to the Company moving to liquidation and alternate liquidators being appointed but that paragraph 83 of Schedule B1 of the Act prevented me from doing so at this stage. At the adjourned meeting on 26 June 2018 the Administrator's Proposals were therefore rejected.

On 26 June 2018 I reported to creditors and Companies House that the Administrator's Proposals had been rejected. Having taken Counsel's advice on Thursday 5 July 2018, I do not believe that I am required to apply to court for directions regarding the administration of the Company.

I have considered the relevant authorities with Counsel and in particular the case of *Re Parmeko Holdings Ltd [2014] B.C.C. 159*. I am advised that the court cannot impose on creditors proposals to which they have not agreed nor order that the Company move to CVL pursuant to paragraph 83 of Schedule B1 of the Act. In the case of *Re Pudsey Steel Services Ltd [2015] B.P.I.R. 1459* HHJ Behrens ordered that the company move from administration to CVL, however in that case the administrator's proposals did not contain a statement pursuant to paragraph 52(1) of Schedule B1 of the Act.

I therefore intend to continue to manage the affairs of the Company having regard to my statutory powers contained within the Act.

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

## **2. THE PROGRESS OF THE ADMINISTRATION**

### **2.1 The Administrator's receipts and payments account**

Attached at Appendix 2 is a receipts and payments account for the Review Period.

An EOS as at 27 September 2018 is attached at Appendix 3. The Administrator's fees and expenses in the EOS have been apportioned between the "free" assets and "floating charge" assets.

The rest of this report describes the key developments in the Administration over the Review Period.

In this section, we have summarised the main asset realisations during the Review Period and an estimation of the those assets yet to be realised, together with details of costs incurred but as yet remaining unpaid.

### **2.2 Administration (including statutory reporting)**

The Administrator has met a considerable number of statutory and regulatory obligations. Whilst many of these tasks have not had a direct benefit in enhancing realisations for the insolvent estate, they have assisted in the efficient and compliant progressing of the administration, which has ensured that the Administrator and his staff have carried out their work to high professional standards.

During the Review Period, primarily these tasks have included:

- Informing all relevant persons of the commencement of the Administration, including filing statutory documents at Companies House and meeting statutory advertising requirements;
- Issuing the Administrator's Proposals, seeking relevant creditors' approvals and issuing notice of the outcome;
- Drafting and issuing the progress report to creditors;
- Consulting with and instructing staff and independent advisers as regards practical, technical and legal aspects of the case to ensure efficient progress;
- Maintaining case files, which must include records to show and explain the administration and any decisions made by the Administrator that materially affect the administration;
- Monitoring and maintaining an adequate statutory bond;
- Conducting periodic case reviews to ensure that the administration is progressing efficiently, effectively and in line with the statutory requirements;
- Maintaining and updating the estate cash book and bank accounts, including regular bank reconciliations and processing receipts and payments; and
- Completing periodic tax returns.

## **2.3 Realisation of assets**

### **Motor Vehicles/Plant and Machinery/Office Equipment**

DSi Business Recovery instructed Michael Steel and Co (“the Agents”) to attend the Company’s premises to provide a valuation of the Company chattel assets. The agents valued the four unencumbered motor vehicles in the sum of £31,500. A VW Crafter Dropside Truck was valued at £6,500 against which there was outstanding finance of £2,681. The Agent also valued plant and equipment on finance with HSBC Equipment Finance in the sum of £211,091 and office furniture of £700.

An offer was received for the unencumbered assets from a Connected Party, Mr Francis Quinlan for a total consideration of £40,000 plus Vat. The Agent recommended the offer be accepted on the basis that it was higher than their valuation and that by selling the assets in situ, the costs of removing the assets would be avoided.

A sale was concluded on 23 May 2018 in the sum of £40,000 plus Vat which was paid immediately.

### **Debtors and Retentions**

The Administrator instructed Contract Recovery Solutions Ltd to collect the Applications and Retentions. Upon the Administrator’s appointment, the total balance due according to the Company’s records was £6,561,806. The initial report by Contract Recovery Solutions Ltd indicated recoveries would only total £100,000 due to anticipated disputes for breach of contract given the Company ceased trading without notice.

Contract Recovery Solutions Ltd have collected £18,572 to date. They now anticipate total recoveries will be in the region of £150,000 although these may well take another 3 or 4 years to collect as the quantum of any counter claims will only be known when ongoing projects are completed and defect liability periods concluded.

### **Professional Indemnity Claim**

The Administrator instructed the Company’s former Insurance Broker and QS to pursue an outstanding PI claim of c.£50,000. A settlement was reached and £49,131 has been recovered from AXA Insurance plc.

### **Director's Loan Account**

The Administrator instructed Clarion Solicitors to pursue an overdrawn Director's Loan Account in respect of Gavin Quinlan which was finally calculated to total £168,552. Initially the loan account was estimated to total £110,000. Mr Quinlan, who was professionally represented, provided a detailed analysis, with supporting documentation, of his financial circumstances including an assets and liabilities statement. Taking this into account and the potential recoveries that were likely to be made if litigation was commenced against him, an agreement was concluded with Mr Quinlan to pay £27,000, in full and final settlement. This sum has been paid in full.

### **Subrogated Claim against Coloured Metal Profiles Ltd (in Administration)**

The Administrator's proposal referred to Cover Structures Ltd's unsecured claim in the Administration of Coloured Metal Profiles Ltd in the sum of £412,296. Clarion Solicitors have now advised that the claim is subrogated in respect of HSBC's debenture created against Coloured Metal Profiles Ltd given that Coloured Metal Profiles Ltd's overdrawn bank account of £690,958 was discharged in full from funds held in Cover Structures Ltd's bank account.

The distribution to Cover Structure Ltd from the Administration of Coloured Metal Profiles Ltd is currently estimated to total £283,586.

### **Preference Claim against a Supplier**

Counsel have been instructed to settle pleadings in respect of a supplier who received a payment of £281,108 which, we are advised, constitutes a Preference pursuant to s239 of the Insolvency Act 1986. Proceedings will be issued shortly. For the purposes of the attached EOS we have estimated a recovery of £112,443.

### **Preference Claim against the Trustees of the Cover Structure Pension Scheme/Francis Quinlan**

Counsel have settled pleadings in respect of a claim against the Trustees of the Cover Structure Pension Scheme who received payments totalling £435,000 which, we are advised, constitutes a Preference pursuant to s239 of the Insolvency Act 1986. Counsel will be issuing proceedings against the Trustees of the Cover Structure Pension Scheme and Francis Quinlan imminently. For the purposes of the attached EOS we have estimated a recovery of £174,000.

### **Cash in Hand**

The Administrator was holding £25,000 at the date of appointment and this is reflected in the attached Receipts and Payments account.

### **Other Realisations**

The Administrator is due a VAT refund of £32,000 in respect of goods returned under ROT claims. Additional realisations to date include refunds in respect of Rent £665, DVLA £177, Insurance £250 and an Apprentice Scheme £450.

## **2.4 Costs incurred but remaining unpaid**

*Included within the EOS at Appendix 3 are costs incurred during the Review Period, but which as yet remain unpaid. These costs are detailed below.*

Cost Description	Post Appointment Costs Incurred 28/03/2018 to 27/09/2018	Post Appointment Costs paid as at 27/09/2018	Post Appointment Costs outstanding at 27/09/2018
Legal Fees (Clarion Solicitors)	26,278	20,056	6,222
Administrators Remuneration (DSi Business Recovery)	72,888	0	72,888
TOTAL	99,166	20,056	79,110

### **3. CREDITORS: CLAIMS AND DISTRIBUTIONS**

#### **3.1 Secured creditors**

*HSBC Bank hold a debenture dated 24 July 2001 that was registered at Companies House on 27 July 2001 together with a cross company guarantee dated 19 July 2001 between this Company and Coloured Metal Profiles Ltd. At the date of the appointment of an Administrator Cover Structure Ltd's bank account was £691,600 in credit and Coloured Metal Profiles Ltd's account was £690,958 overdrawn. The Bank exercised their right to offset the two leaving a net credit balance in favour of Cover Structure Ltd of £642.*

Francis Quinlan, the majority Shareholder and Director until 18 November 2011, has a debenture dated 18 October 2012 that was registered at Companies House on 24 October 2012. Clarion Solicitors have confirmed the validity of Mr Quinlan's security. Mr Quinlan has lodged a claim as a creditor in the sum of £272,315. Having taken Counsel's advice I am informed that this claim will increase in line with any recoveries made in respect of the £435,000 Preference Claim against the Trustees of Cover Structure Ltd Pension Scheme as Mr Quinlan has indemnified same.

Please note that, under the Insolvency Act 1986, the proceeds of any Preference action brought by the Administrator do not form part of the assets available to meet the claims of any floating charge holder.

Given the Preferential Creditors claims, the Prescribed Part, the Costs and Fees of the Administration and the level of Anticipated Realisations, it is not expected that the secured creditor will be paid in full.

#### **3.2 Preferential creditors**

The Administrator and his staff have incurred significant time in assisting employees to obtain payment from the Redundancy Payments Office and to claim unpaid pension contributions.

Preferential claims relating to unpaid holiday pay/wage arrears are estimated at £49,167 although no final claim has yet been lodged by the Redundancy Payments Office.

Once received, the Preferential Claim will be paid in full.

#### **3.3 Prescribed Part**

Under Section 176A of the Insolvency Act 1986, where after 15 September 2003 a company has granted to a creditor a floating charge, a proportion of the net property of the company must be made available purely for the unsecured creditors. This equates to:

- 50% of net property up to £10,000;
- Plus, 20% of net property in excess of £10,000.
- Subject to a maximum of £600,000.

The debenture of Francis Quinlan was dated after 15 September 2003 so the Prescribed Part applies.

#### **3.4 Unsecured creditors**

Unsecured claims were estimated to total £9,562,372 in the Statement of Affairs that was sent to creditors with the Administrator's Proposals.

The Administrator has to date agreed 134 unsecured claims totalling £8,335,686.

In addition there are a further 126 creditors who have yet to lodge a claim or who's claim has been received but not yet agreed.

As reflected in the attached EOS, the Administrator anticipates a distribution to unsecured creditors under the Prescribed Part and an additional distribution of any proceeds from Preference actions as these are not payable to the floating charge holders.



## **4. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS**

### **4.1 Investigations**

As part of the Administrator's statutory duties, an investigation into the conduct of the Company Directors was completed.

In this regard, a confidential report was submitted to The Insolvency Service.

As part of my duty as Administrator, I am obliged to review shortly after appointment all the information available to me and conduct an initial assessment of whether there are any matters which may lead to any recoveries for the benefit of creditors. This would typically include any potential claims which may be brought against parties either connected to or who have past dealings with the Company.

*This review has been completed and we confirm that we did not identify any further assets or actions which would lead to a recovery for creditors.*

### **4.2 SIP13 – Transactions with connected parties**

In accordance with the guidance given in SIP13, details of the Company's transactions with connected parties during the Review Period are provided below:

- The transaction was completed on 23 May 2018.
- The sale, which was completed by means of an invoice included the motor vehicles and office furniture and equipment.
- The sale consideration totalled £40,000 plus Vat.
- The purchaser was Mr Francis Quinlan.
- The purchaser is connected to the Company by reason of the following relationship: *Majority Shareholder of the Company and former Director.*

The sale was conducted upon the advice of Michael Steel and Co who are highly experienced in asset valuations for Insolvency Practitioners.

### **4.3 EC Regulations**

Council Regulation (EU) No 1346/2000 applies and these are the main proceedings as defined in that regulation.

**5. PRE-ADMINISTRATION COSTS**

Included within the Administrator's Proposals dated 17 May 2018 was a Statement of Pre-Administration Costs.

These costs were approved by the Preferential and Secured Creditors as detailed below:

	Amount approved (£)	Date approved	Date paid
DSi Business Recovery	18,842	13 June 2018	Not paid yet

## 6. THE ADMINISTRATOR'S FEES AND EXPENSES

### 6.1 The Administrator's Fees

The basis of the Administrator's fees was fixed by the secured and preferential creditors as follows:

The Administrator proposes to be remunerated on the basis of the time properly given by the Administrator and his staff in attending to matters arising in the Administration, such time to be charged at the prevailing standard hourly charge out rates used by DSI Business Recovery at the time the work is performed (plus VAT).

The Administrator has drawn no post appointment remuneration to date.

### 6.2 Comparison of estimates

The Administrator's time costs incurred to date are compared with the original fees estimate and the estimated future costs as follows:

Work category	Original fees estimate			Actual time costs incurred during the Review Period			Estimated Future Costs		
	Number of hours	Blended hourly rate £ per hour	Total fees £	Number of hours	Average hourly rate £ per hour	Total time costs £	Number of hours	Average hourly rate £ per hour	Total time costs £
Administration (including statutory reporting)	132.5	220.30	29,190	79.80	246.59	19,677.50	283.8	246.59	70,000
Realisation of assets	106.50	229.18	24,475	48.25	254.90	12,298.75	117.6	254.90	30,000
Creditors (claims and distribution)	90	202.77	18,250	145.86	221.53	32,311.75	112.85	221.53	25,000
Investigations	30	204.16	6,125	23.55	265.13	6,243.75	-	-	-
Other				10.05	234.45	2,356.25	21.32	234.45	5,000
<b>TOTAL</b>	<b>359</b>	<b>217.38</b>	<b>78,040</b>	<b>307.51</b>	<b>237.03</b>	<b>72,888.00</b>	<b>535.57</b>	<b>239.36</b>	<b>130,000</b>

The expenses incurred to date are compared with the original expenses estimate as follows:

Expenses	Original expenses estimate £	Actual expenses incurred in the Review Period £	Reason for any excess (if the expenses are likely to, or have, exceeded the original estimate)
Legal costs (Clarion Solicitors)	11,708	26,278	Re Litigation and advice on unanticipated legal issues, instructing Counsel, two physical creditor meetings & extensive creditor correspondence
Agents' and valuers' costs (Michael Steel & Co)	5,800	5,800	

Expenses	Original expenses estimate £	Actual expenses incurred in the Review Period £	Reason for any excess (if the expenses are likely to; or have, exceeded the original estimate)
Debt Collection (Contract Recovery Solutions Ltd)	25,000	4,643	Contract Recovery Solutions Ltd estimate total recoveries will now be £150,000 (originally £100,000). They therefore estimate their fees will be £30,000 as they are paid 25% of recoveries.
Insurance Broker & QS (Hendersons/RHQS)	15,000	14,739	
Accountancy (Richmonds)	5,000	2,500	
Insurance re Assets (Marsh)	2,500	2,211	
Document Storage (CW Harrison)	1,015	300	
Counsel Fees (Enterprise Chambers)	-	1,400	Re Litigation and advice on unanticipated legal issues
Court Fees	-	62	Re Litigation
Statutory Advertising (Courts Advertising)	148	148	Not yet paid from the Administration
Bond (Marsh)	1,360	1,360	
Postage, Paper (Category 2)	567	567	Not yet paid from the Administration
Mileage (Category 2)	350	250	Not yet paid from the Administration
<b>Total</b>	<b>68,448</b>	<b>60,258</b>	

Having regard for the costs that are likely to be incurred in bringing this Administration to a close, the Administrator considers that:

- the original fees estimate will be exceeded;
- the original expenses estimate will be exceeded;

The principal reasons for the increase in the estimated fees and expenses are as follows:

- Litigation is being commenced in respect of Preference Payments totalling £716,108 against various parties, which may become protracted. Litigation is invariably a costly and time consuming exercise and will involve substantial work for the Administrators, Solicitors and Counsel.
- Contract Recovery Solutions Ltd have stated that the ongoing debtor recovery exercise is likely to last another 3 to 4 years as the quantum of any counter claims will only be known when ongoing projects are completed and defect liability periods concluded.
- There will be significant cost implications, in respect of statutory reporting, in keeping the case open for a further 3 or 4 years.
- Contract Recovery Solutions Ltd are working on a fee basis of 25% of recoveries. They have increased their estimate of recoveries by £50,000.

- A distribution to the unsecured creditors is envisaged under the Prescribed Part although there are in excess of 100 creditors who have not lodged claims yet and there are some significant claims from potential creditors that will require considerable work to agree. Agreement of the largest claims will only be possible once ongoing contracts have been finished and defect periods ended.

### **6.3 Creditors' right to request information**

Any secured creditor, or unsecured creditor with the support of at least 5% in value of the unsecured creditors or with permission of the Court, may request in writing the Administrator to provide additional information regarding fees or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report.

### **6.4 Creditors' right to challenge fees and/or expenses**

Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors or with permission of the Court, may apply to the Court for one or more orders, reducing the amount or the basis of fees which the Administrator is entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within 8 weeks of receipt by the applicant(s) of the progress report detailing the fees and/or expenses being complained of.

Please note that such challenges may not disturb fees or expenses (whether or not discharged from the estate) disclosed in prior progress reports.

For further information, "A Creditors' Guide to Administrators' Fees" is available for download from [www.dsinsol.com](http://www.dsinsol.com). Should you require a paper copy, please send your request in writing to the Administrator at the address on the front of this report and this will be provided to you at no cost.

### **6.5 Exit from Administration**

All Administrations automatically come to an end after one year, unless an extension is granted by the Court or with consent of the relevant creditors. As the debtor collection exercise will be incomplete by March 2019 I expect that it will be necessary to apply to Court to seek an extension of the Administration.

Once the Administration is ready to be concluded there are several exit routes which are available to the Administrator. These include an application to Court (in the event of a Court appointment); filing a notice in Court and with the Registrar of Companies confirming that the purpose of Administration has been sufficiently achieved; or in the event that the Company has no property (or no remaining property to distribute), the Administrator may notify the

Registrar of Companies to that effect at which time the appointment of the Administrator ceases and three months following that date usually the Company is dissolved.

In addition, the Administrator could propose to place the Company into Creditors' Voluntary Liquidation, a Compulsory Liquidation or a Company Voluntary Arrangement. The exit route chosen in relation to the Company will depend on the circumstances of the Administration when it is due to end. In view of the fact that the Administrator still has work to do in pursuit of the Administration objective, it is not certain at this time what exit route will be appropriate as the end of the Administration approaches.

However, in view of the fact that at present it appears unlikely that there will be sufficient funds to pay a dividend to unsecured creditors (other than by way of the Prescribed Part), a move straight to Dissolution rather than Liquidation appears most likely at this stage.



**Simon Weir**  
**Administrator**

The affairs, business and property of COVER STRUCTURE Ltd (in Administration) are managed by the Administrator, who acts as agent of the Company and without personal liability

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**Cover Structure Ltd (IN ADMINISTRATION)****STATUTORY INFORMATION**

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Company Name	Cover Structure Ltd
Previous Name(s)	
Trading Name(s)	

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Proceedings	In Administration
Court	High Court of Justice, Business and Property Courts in Leeds
Court Reference	262 of 2018
Date of Appointment	28 March 2018
Administrator's	Simon Weir, DSi Business Recovery
Registered office Address	Ashfield House, Illingworth Street, Ossett, WF5 8AL
Company Number	02762144
Incorporation Date	5 November 1992
Appointment by	The Directors
Directors at date of Appointment	Gavin Quinlan, Paul Cox
Shareholdings	Gavin Quinlan 2,500 Frank Quinlan 7,500

COVER STRUCTURE LTD  
(IN ADMINISTRATION)

THE ADMINISTRATOR'S RECEIPTS AND PAYMENTS ACCOUNT  
AS AT 27 September 2018

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**Cover Structure Ltd  
(In Administration)**

**Administrator's Summary of Receipts and Payments  
To 27 September 2018**

<b>RECEIPTS</b>	<b>Statement of Affairs (£)</b>	<b>Total (£)</b>
CNC 400 Guillotine	22,000.00	0.00
2xJorns 6mtr	70,000.00	0.00
VW Crafter Dropside Truck	6,500.00	0.00
Furniture & Equipment	700.00	0.00
Motor Vehicles x4	31,500.00	40,000.00
Applications & Retentions	100,000.00	18,572.40
PI Claim Settlement	50,000.00	49,131.69
Directors Loan Account	Uncertain	27,000.00
Coloured Metal Profiles Ltd - in Admin	Uncertain	0.00
Cash at Bank	642.64	0.00
Rent refund		665.00
Cash in Hand	25,000.00	25,000.00
DVLA refund		177.91
Insurance Refund	250.00	250.00
Apprenticeship scheme r/f		450.00
		<hr/>
		161,247.00
		<hr/>
<b>PAYMENTS</b>		
Labour		2,800.00
Vehicle Repair		538.99
HSBC Equipment Finance	(39,645.00)	0.00
HSBC Equipment Finance	(171,446.00)	0.00
VW Finance	(2,681.00)	0.00
Specific Bond		1,360.00
Accountancy Fees		2,500.00
Counsel Fees		1,400.00
Legal Fees (Pre Appointment)		2,514.00
Court fees & Legal Expenses		62.00
Agents/Valuers Fees (Pre Appointment)		3,000.00
Agents/Valuers Fees (Post Appointment)		2,800.00
Legal Fees (post appointment)		20,056.70
QS fees		4,643.10
Brokers/QS Commission re insurance claim		14,739.50
Storage Costs		300.00
Insurance of Assets		2,211.98
Employee Arrears/Hol Pay	(49,167.38)	0.00
Mr F Quinlan	(272,315.00)	0.00
Trade & Expense Creditors	(9,006,004.76)	0.00
Employees	(130,000.00)	0.00
Pension Scheme	(32,578.00)	0.00
PAYE	(257,505.98)	0.00
VAT	(17,193.06)	0.00
Ordinary Shareholders	(10,000.00)	0.00
		<hr/>
		58,926.27
		<hr/>
Net Receipts/(Payments)		102,320.73
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**Cover Structure Ltd  
(In Administration)**

**Administrator's Summary of Receipts and Payments  
To 27 September 2018**

MADE UP AS FOLLOWS

Bank 1 Current  
VAT Receivable / (Payable)

99,361.03  
2,959.70

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102,320.73

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Simon Weir  
Administrator

Time Entry - SIP9 Time & Cost Summary

C015 - Cover Structure Ltd  
Project Code: POST  
To: 27/09/2018

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	63.10	13.40	0.00	3.30	79.80	19,677.50	246.59
Case Specific Matters	8.30	0.30	0.00	1.45	10.05	2,356.25	234.45
Creditors	108.45	16.81	0.00	20.60	145.86	32,311.75	221.53
Investigations	22.80	0.75	0.00	0.00	23.55	6,243.75	265.13
Realisation of Assets	47.55	0.00	0.00	0.70	48.25	12,298.75	254.90
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	250.20	31.26	0.00	26.05	307.51	72,888.00	237.03
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

**COVER STRUCTURE LTD**  
**ESTIMATED OUTCOME STATEMENT AS AT 27 September 2018**

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# Cover Structure Limited

## Estimated Outcome Statement as at 27 September 2018

<u>Assets subject to Floating Charge</u>		
Cash at Bank		99,361
VAT refund on admin fees/expenses		2,959
VAT refund on R.O.T Claims/credit notes		32,000
Book Debts/Retentions		131,428
Subrogated claim from Coloured Metal Profiles Limited		283,586
		<u>549,334</u>
Admin Costs re floating Charge		
O/S Administrators fees	91,730	
O/S Solicitors fees	6,222	
Adminstrator fees & expenses	100,000	
Legal fees & expenses	20,000	
Debt Collection fees	32,857	-250,809
Assets available for preferential creditors		<u>298,525</u>
Preferential Creditors		-49,167
Assets available to Floating Charge Creditor c/d		<u>249,358</u>
<u>Free assets</u>		
Preference Payment - Pension Company (£435,000)		174,000
Preference Payment - Trade Creditor (£281,108)		112,443
		<u>286,443</u>
Admin costs re free assets		
Adminstrator fees & expenses	30,000	
Legal fees & expenses	80,000	-110,000
Assets available for Unsecured Creditors c/d		<u>176,443</u>
Assets available to Floating Charge Creditor b/d		249,358
less Prescribed Part c/d		-52,872
Surplus availabe to Floating Charge Creditor		196,486
Floating Charge Creditor	272,135	
Increased charge re Pension Company Preference	174,000	-446,135
Deficiency re Floating Charge Creditors		<u>-249,649</u>
Prescribed part b/d		52,872
Preference Payment recoveries b/d		176,443
Funds available for Unsecured Creditors		<u>229,315</u>
Non Preferential Creditors agreed	8,335,686	
Non Preferential estimate future claims	1,000,000	-9,335,686
Deficiency		<u>-9,356,020</u>
<u>Estimated Dividends (p in £)</u>		
Preferential Creditors		100
Floating Charge Creditor - Mr F Quinlan		44.04
Unsecured Creditors		2.45