



**Joint Administrators' progress report for the  
period from 28 November 2012 to 26 April 2013**

**Tudorstone Building Materials Limited – in  
Administration**

High Court of Justice, Chancery Division,  
Birmingham County Court  
Case No. 8257 of 2012

7 May 2013

**[www.pwc.co.uk/tudorstone](http://www.pwc.co.uk/tudorstone)**

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## Abbreviations used in this report

"the Company"	Tudorstone Building Materials Limited
"the Administrators" or "we"	Anthony Steven Barrell and David Matthew Hammond
"Sch.B1 IA86"	Schedule B1 of the Insolvency Act 1986
"IR86"	The Insolvency Rules 1986
"PwC"	PricewaterhouseCoopers LLP
"HSBC"	HSBC Bank Plc
"HEF"	HSBC Equipment Finance (UK) Limited and HSBC Asset Finance (UK) Limited
"HIF"	HSBC Invoice Finance (UK) Limited
"WIP"	Work in progress
"CBMM"	Columbian brick making machine
"GVA"	GVA Grimley

# **1. Joint Administrators' progress report for the period from 28 November 2012 to 26 April 2013**

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## **Introduction**

In accordance with Rule 2.47 IR86, we write to provide creditors with details of the progress of the Administration of the Company since the Administrators' previous report dated 18 December 2012.

We are required to provide certain statutory information pursuant to Rule 2.47(1)(a) to (d) IR86, which is included in Section 2.

This report is also prepared pursuant to Rule 2.112 IR86 in support of an application to Court to extend the period of the Administration by two years.

## **Background information and initial actions taken by the Administrators**

As previously confirmed the Company operated as a manufacturer of bricks, tiles and construction products and supplied predominately into the UK housing market.

Our appointment arose as a consequence of a decline in the housing market and reduced customer orders. This followed the Company's purchase of an automated brick production unit in 2008, subject to a finance agreement with HEF, which was only being operated at 45% of capacity due to a decline in orders.

Following an initial review, we concluded that the most appropriate strategy was to realise the value of the WIP and finished stock items. Following the short trading period, a sale of the Company's assets was to be undertaken.

## **Trading**

The production runs and the sale and realisation of finished goods were concluded at the end of June 2012.

To assist with the asset realisations and production we retained five employees. All employees had been made redundant by 6 July 2012.

Trading sales totalled £140,323, after deducting costs of materials and overheads, trading resulted in a net realisation of £71,673.

A trading statement is included at Section 3 and shows the trading position as at 26 April 2013. All trading matters have been concluded.

## **Sale of business and assets**

Along with HEF and our agents, GVA, we commenced a discrete marketing campaign to sell the CBMM and other plant and machinery. Following negotiations with the potential purchaser an offer was received and accepted.

The majority of the plant and machinery was subject to specific asset finance agreements and a chattels mortgage with HEF and the initial consideration was paid directly to HEF under the terms of its security. A further balance is payable which is subject to a credit agreement between HEF and PD Eddenhall Limited. The total consideration payable to HEF is significantly below the total debt due from the Company. £20k was received into the Administration in respect of the uncharged plant and machinery and spare parts.

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## Book debts

The Company's books and records indicated that pre-appointment debts totalled approximately £439k. The majority of these were assigned to and subsequently collected by HIF under the terms of its security, HIF has now recovered its lending in full.

HIF had initially applied a £21k plus VAT debtor collection charge following the administration appointment. HIF recovered its lending in full and subsequently reversed the initial collection charge. Under the terms of a legal assignment between HIF and HEF this surplus was transferred from HIF to HEF.

The remaining debtor accounts totalling approximately £76k were reassigned back to the Company. The receipts and payments account in Section 3 of this report shows a total of £4,284.23 has been collected by the Administrators following reassignment of the book debts from HIF. Having reviewed the remaining debtors and discussed their collectability with management, we are not anticipating any further book debt realisations.

## Potential derivative mis-selling claims

We have recently become aware that an interest rate hedging derivative product was sold by HSBC to the Company and that this sale has been caught by the FSA driven investigations into potential mis-selling. At this stage we have no information as to whether this product may be judged to have been mis-sold, or the level of compensation (if any) that might arise. In addition, we have insufficient information to conclude whether or not the compensation (if any) would result in a dividend for the preferential or unsecured creditors. However, following discussions with the directors regarding the circumstances surrounding the sale of the product and the amounts paid, we have satisfied ourselves that we should extend the Administration of the Company to allow the review to complete.

## Receipts and payments account

An account of the receipts and payments in the Administration for the period from 28 November 2012 to 26 April 2013 is set out in Section 3. This also includes a trading account for the same period.

## Expenses statement

A statement of the expenses incurred by the Administrators in the period 28 November 2012 to 26 April 2013 is included at Section 4.

The statement excludes any potential tax liabilities that may be payable as an expense of the Administration in due course because amounts due will depend on the position at the end of the tax accounting period.

## Administrators' remuneration

As it is envisaged that there will be insufficient funds available to the preferential and unsecured creditors, it is for the secured creditors to approve the Administrators' fees and expenses. Our remuneration has been approved on a time costs basis by the secured creditors.

We requested that our fees be fixed based on the time spent by our staff and ourselves in the conduct of the Administration and an analysis of our time and applicable hourly rates have been provided to the secured creditors. The time cost charges incurred in the period covered by this report are £28,547 and the total time costs incurred are £172,628.45. We do not anticipate full recovery of these fees. To date £74,666.67 has been drawn on account with approval received for £85,000. In addition to the fees drawn through the administration the sum of £2,500 has been paid directly by HEF.

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In accordance with the requirements of Statement of Insolvency Practice 9, a full analysis of the Administrators' time costs and Category 2 disbursements for the period 28 November 2012 to 26 April 2013 is provided in Section 5.

The timings of our discharge from liability has been approved by the same bodies that approved our remuneration. We will be discharged from liability in respect of any action of ours as Administrators 14 days after our appointment as Administrators ceases to have effect, pursuant to paragraph 98(1) of Schedule B1 to the Insolvency Act 1986.

## Creditors' rights

If you would like further information about your rights as a creditor, please use the internet address below to find an explanation of your rights under insolvency legislation in the different kinds of insolvency proceedings:

<http://www.icaew.com/en/technical/insolvency/creditors-guides>

## Pre-Administration costs

Information regarding the approval of the unpaid pre-Administration costs were detailed in our proposals and the previous progress report. The unpaid pre-appointment Administrators' and solicitor's costs and expenses were paid as an expense of the Administration in accordance with the approval obtained on 12 September 2012.

## Outcome for creditors

### Secured Creditors

We provided details of the secured creditors and their respective charges in our previous report.

The balance outstanding to each of the HSBC entities and the recoveries made under the terms of their security to date are as follows:

Name	Balance outstanding £'000	Recoveries to date £'000
HIF	328	328
HSBC	176	0
	<u>504</u>	<u>328</u>

Note. The majority of the plant and machinery was subject to specific asset finance agreements with HEF and the consideration was paid directly to HEF under the terms of its security. The total consideration payable to HEF is significantly below the total debt due from the Company.

HIF has collected its debt in full and transferred a small surplus to HEF. It is clear that there will be insufficient realisations to enable the other secured creditors to recover their debts in full. It is anticipated that HSBC will suffer significant a shortfall under their lending.

# **1. Joint Administrators' progress report for the period from 28 November 2012 to 26 April 2013**

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## **Preferential Creditors**

A total of 16 employees have been made redundant since the start of the Administration and we expect the total preferential claims to be circa £29k in this regard.

At this stage and pending the results of interest rate hedging derivative product review, it is anticipated that there will be insufficient floating charge funds after the costs of realisation and administration to enable a distribution to the preferential creditors.

## **Unsecured Creditors**

At this stage and pending the results of interest rate hedging derivative product review, there will be no dividend to the non-preferential unsecured creditors of the Company, by virtue of the Prescribed Part or otherwise.

A review of the floating charges was conducted prior to the circulation of our previous report and subsequently we do not believe that the Prescribed Part is applicable. There are floating charges in place prior to 15 September 2003 for creditors who are expected to suffer a shortfall on their lending and therefore no prescribed part will arise in this case.

## **Extension of the Administration**

We have made an application to extend the Administration past the anniversary following receipt of information from HSBC indicating that the Company may have a claim against HSBC for the mis-selling of an interest rate swap product prior to the Administration. If the claim is successful, it could potentially be a significant asset of the Company and could alter the outcomes for the different classes of creditors of the Company; it is therefore necessary for the Administration to be extended whilst this is explored.

We must emphasise that there is no certainty that this investigation will lead to an improved outcome for preferential and unsecured creditors: we may find that there is no valid claim against the HSBC, or that it is not commercially effective to proceed with a claim, as it would have no impact on the ultimate outcome for the different classes of creditors.

We will report to the creditors in relation to the progress of our investigations in our next progress report.

## **Ending the Administration**

It is currently envisaged that on ceasing to act, the Administrators will file a notice with the Registrar of Companies for the Company to be dissolved.

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## Next report

The Administrators anticipate that they will circulate their next report to creditors at the earlier of the conclusion of the Administration or in approximately six months.

Yours faithfully  
For and on behalf of the Company



Tony Barrell  
Joint Administrator

*Anthony Barrell and Matthew Hammond have been appointed as joint administrators of the Tudorstone Building Materials Limited to manage its affairs, business and property as its agents without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.*

*The joint administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration.*

## 2. Statutory and other information

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<b>Court details for the Administration:</b>	High Court of Justice, Chancery Division, Birmingham District Registry, Case No. 8257 of 2012
<b>Full name (and trading name):</b>	Tudorstone Building Materials Limited
<b>Registered number:</b>	03563607
<b>Registered address:</b>	Benson House, 33 Wellington Street, Leeds, LS1 4JP
<b>Company directors:</b>	William Henry Howe and Roy Howe
<b>Company secretary:</b>	Roy Howe
<b>Shareholdings held by the directors and secretary:</b>	Roy Howe 18,500 ordinary shares at 1.00 GBP William Henry Howe 18,500 ordinary shares at 1.00 GBP
<b>Date of the Administration appointment:</b>	28 May 2012
<b>Administrators' names and addresses:</b>	Anthony Steven Barrell and David Matthew Hammond, both of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT
<b>Details of any extension(s) to the initial period of appointment</b>	N/A
<b>Changes in office holder:</b>	N/A
<b>Appointor's / applicant's name and address:</b>	The Company, 6 Fairfield Road, Chesterfield, Derbyshire, S40 4TP
<b>Objective being pursued by the Administrators:</b>	Objective (b) is being pursued as it was not reasonably practical to rescue the Company as a going concern. Should it not be possible for objective (b) to be achieved, objective (c), realising property in order to make a distribution to one or more secured or preferential creditors will be pursued. The Administrators' may exercise any of the powers conferred on them by the Insolvency Act 1986 jointly or individually.
<b>Division of the Administrators' responsibilities:</b>	Dissolution or creditors' voluntary liquidation. Nil
<b>Proposed end of the Administration:</b>	Not applicable as floating charges pre-date 15 September 2003.
<b>Estimated dividend for unsecured creditors:</b>	N/A
<b>Estimated values of the prescribed part and the company's net property:</b>	
<b>Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:</b>	
<b>The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):</b>	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings.
<b>Any other information which the Administrators think necessary to enable creditors to decide whether or not to vote for adoption of the proposals:</b>	N/A



### 3. Receipts and payments account for the period 28 November 2012 to 26 April 2013

The following is a summary of the Administrators' receipts and payments for the period 28 November 2012 to 26 April 2013

	28 May 2012 to 27 November 2012 (£)	28 November 2012 to 26 April 2013 (£)	Total (£)
<b>Floating Charge Receipts</b>			
Trading account (see overleaf)	71,218.55	454.59	71,673.14
Sale of plant & machinery	20,000.00	-	20,000.00
Cash in hand	27.98	-	27.98
Non-factored book debts	-	4,284.23	4,284.23
	<b>91,246.53</b>	<b>4,738.82</b>	<b>95,985.35</b>
<b>Floating Charge Payments</b>			
Office holders' fees	25,000.00	49,666.67	74,666.67
Office holders' expenses	2,176.86	56.74	2,233.60
Legal fees	-	6,130.00	6,130.00
Legal disbursements	-	59.00	59.00
Agents' fees	-	1,000.00	1,000.00
Insurance	-	1,734.70	1,734.70
Statutory advertising	73.62	-	73.62
Mail re-direction charge	60.00	-	60.00
Interest paid gross	0.17	-	0.17
Bank charges	372.94	92.93	465.87
	<b>27,683.59</b>	<b>58,740.04</b>	<b>86,423.63</b>
<b>Floating charge balance</b>	<b>63,562.94</b>	<b>(54,001.22)</b>	<b>9,561.72</b>
<b>VAT account (including trading account)</b>	<b>21,492.84</b>	<b>(20,426.17)</b>	<b>1,066.67</b>
<b>Balance</b>	<b>85,055.78</b>	<b>(74,427.39)</b>	<b>10,628.39</b>

### 3. Receipts and payments account for the period 28 November 2012 to 26 April 2013

The following is a summary of the Administrators' trading receipts and payments for the period 28 November 2012 to 26 April 2013.

	28 May 2012 to 27 November 2012 (£)	28 November 2012 to 26 April 2013 (£)	Total (£)
<b>Trading receipts</b>			
Trading sales	140,323.29	-	140,323.29
Repayment of rent	-	6,000.00	6,000.00
	<b>140,323.29</b>	<b>6,000.00</b>	<b>146,323.29</b>
<b>Trading payments</b>			
Net wages	20,389.81	-	20,389.81
PAYE & NIC	7,480.62	-	7,480.62
Purchases	19,554.43	5,545.41	25,099.84
Utilities	53.98	-	53.98
Heat, light & power	5,818.85	-	5,818.85
Telephone, fax	297.92	-	297.92
Rent	12,000.00	-	12,000.00
Motor and travel expenses	129.13	-	129.13
Haulage transport	3,260.00	-	3,260.00
Retention of title payments	120.00	-	120.00
	<b>69,104.74</b>	<b>5,545.41</b>	<b>74,650.15</b>
<b>Balance</b>	<b>71,218.55</b>	<b>454.59</b>	<b>71,673.14</b>

#### 4. Statement of expenses incurred from 28 November 2012 to 26 April 2013

Expenses incurred by the Administrators	Accrued and paid 28 May 2012 to 27 November 2012 (£)	Accrued in previous period, paid in current period (£)	Accrued and paid 28 November 2012 to 26 April 2013 (£)	Accrued and unpaid (£)
<b><u>Floating charge expenses</u></b>				
Statutory advertising	73.62	-	-	-
Mail re-direction charge	60.00	-	-	-
Interest paid gross	0.17	-	-	-
Bank charges	372.94	-	92.93	-
Legal fees & expenses	-	6,189.00	-	-
Insurance	-	1,734.70	-	-
Agents' fees	-	1,000.00	-	-
Storage#	-	-	-	16.52
Administrators' category 1 expenses	272.58	5.00	-	40.00
Administrators' category 2 expenses	1,904.28	51.74	-	15.50
Administrators' remuneration*	25,000.00	49,666.67	-	7,900.00
	<b>27,683.59</b>	<b>58,647.11</b>	<b>92.93</b>	<b>7,972.02</b>
<b><u>Trading expenses</u></b>				
Net wages	20,389.81	-	-	-
PAYE & NIC	7,480.62	-	-	-
Purchases	19,554.43	5,545.41	-	-
Utilities	53.98	-	-	-
Heat, light & power	5,818.85	-	-	-
Telephone, fax	297.92	-	-	-
Rent	12,000.00	-	-	-
Motor and travel expenses	129.13	-	-	-
Haulage transport	3,260.00	-	-	-
Retention of title payments	120.00	-	-	-
	<b>69,104.74</b>	<b>5,545.41</b>	-	-
<b>Total</b>	<b>96,788.33</b>	<b>64,192.52</b>	<b>92.93</b>	<b>7,972.02</b>

\* This is the remaining fee which the Administrators anticipate to draw  
# To confirm any final storage costs with agents

**5. Analysis of the Administrators' remuneration and Category 2 disbursements for the period 28 November 2012 to 26 April 2013**

Aspect of assignment	Senior Manager					Secretary	Total hours	Time cost £	Average hourly rate £
	Partner	Director	Senior Manager	Manager	Senior Associate				
1 Strategy & Planning	-	1.00	5.90	-	6.95	-	13.85	3,099.75	223.81
2 Administration	-	-	-	-	0.10	0.45	0.55	67.00	121.82
3 Trading	-	-	0.80	-	1.40	-	2.20	457.00	207.73
4 Assets	-	1.00	4.50	-	0.75	-	6.25	1,643.75	263.00
5 Investigations	-	-	-	-	0.15	-	0.15	26.25	175.00
6 Creditor claims/distributions	-	-	-	-	1.45	-	1.45	253.75	175.00
7 Accounting and treasury	-	-	0.25	-	8.80	7.45	17.00	2,480.75	145.93
8 Reporting to appointor/committee	-	3.50	11.00	-	15.70	-	30.20	6,782.50	224.59
9 Statutory and compliance	-	1.00	3.20	0.50	22.90	-	27.60	5,308.00	192.32
10 Tax/VAT/Pensions	-	-	5.30	1.75	22.65	-	29.70	5,832.00	196.36
11 Employees	-	-	-	-	5.50	-	5.50	962.50	175.00
12 Pre-appointment work	-	-	-	-	-	-	-	-	-
13 Closure procedures	-	-	6.00	-	0.25	-	6.25	1,633.75	261.40
<b>Total for the period from 28 November 2012 to 26 April 2013</b>	-	6.5	37.0	2.3	86.6	7.9	140.70	28,547.00	202.89
<b>Brought forward at 27 November 2012</b>							669.73	144,081.45	
<b>Total</b>							810.43	172,628.45	

## 5. Analysis of the Administrators' remuneration and Category 2 disbursements for the period 28 November 2012 to 26 April 2013

### Charge out rate summary for the period 28 November 2012 to 26 April 2013

	Partner	320	Director	320	Senior Manager	265	Manager	265	Associate	175	Senior Associate	110	Associate	110	Secretarial	110
Current charge out rates per hour																
- insolvency																

### Category 1 disbursements for the period 28 November 2012 to 26 April 2013

All Category 1 disbursements will be charged at cost. In the period category 1 disbursements of £40.00 have been incurred. The sum of £317.58 has been incurred in total during the Administration.

### Category 2 disbursements for the period 28 November 2012 to 26 April 2013

	Costs brought forward (£)	Costs incurred in the period to 26 April 2013 (£)	Total costs to date (£)
<b>Photocopying</b> At 4 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	64.48	15.50	79.98
<b>Mileage</b> At a maximum of 64 pence per mile (up to 2,000cc) or 81 pence per mile (over 2,000cc).	1,891.54	0.00	1,891.54
<b>Total</b>	1,956.02	15.50	1,971.52

### Summary of legal and other professional firms instructed in the period 28 November 2012 to 26 April 2013

Service provided	Name of firm / organisation	Reason selected	Basis of fees	Fees paid to date
Legal advice	Eversheds LLP	Legal advice surrounding appointment and property lease	Time costs	£7,356.00 (fee) £59.00 (disbursements)
Sale of plant & machinery	GVA Grimley	Industry knowledge	Time costs	£1,200.00

In addition to the professional fees discharged through the administration estate Eversheds LLP also received a direct payment from HEF of £2,500 plus VAT.

# Administrator's progress report

# 2.24B

Name of Company Tudorstone Building Materials Limited	Company Number 03563607
In the High Court of Justice Chancery Division Birmingham District Registry (full name of court)	Court case number 8257 of 2012

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

We (a) Mr Anthony Steven Barrell of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT and Mr David Matthew Hammond of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT

Administrators of the above Company attach a progress report for the period

from

to

(b) Insert dates

(b) 28 November 2012

(b) 26 April 2013

Signed

  
 Joint Administrator (IP No 9523)

Dated

24/05/13